

# Herald INTERNATIONAL Tribune

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Algeria... 1.000...  
Australia... 1.000...  
Canada... 1.000...  
France... 1.000...  
Germany... 1.000...  
Italy... 1.000...  
Japan... 1.000...  
Spain... 1.000...  
U.S. ... 1.000...

U.S. OPEN  
TUESDAY TENNIS RESULTS  
See Sports, Page 19

No. 32,819 35/88

## U.S. Says Soviets Breaching Accord On Afghan Pullout

**WASHINGTON** — The United States accused the Soviet Union on Tuesday of violating an Afghanizing Soviet-based accord by bombing against U.S.-backed guerrillas there.

The United States also is concerned about the redeployment of Soviet artillery in support of government forces fighting for control of the northern Afghan city of Kunduz, according to a State Department spokesman, Phyllis Oakley.

The Soviets recently withdrew from Kunduz, about 50 kilometers (30 miles) from the Soviet border, as part of a 50-percent reduction in the Soviet presence in compliance with the Geneva accords. Soviet Army artillery forces later arrived from elsewhere in Afghanistan to bolster government forces in Kunduz, Mrs. Oakley said.

The Soviets are to complete the withdrawal by Feb. 15, 1989, under the agreement signed last April by the United Nations, Pakistan, Afghanistan and guaranteed by both superpowers.

The Soviets appear to be using warplanes based inside the Soviet Union to carry out the bombardments around Kunduz in support of ground forces, Mrs. Oakley said.

In our view, the use of the Soviet aircraft coming from inside the Soviet Union is a violation of the Geneva accords," she said.

The redeployment of Soviet troops from other parts of Afghanistan to Kunduz is not viewed as a violation, Mrs. Oakley added.

The battle for Kunduz is viewed as a test of the Kabul government's ability to overcome the guerrillas once the Soviet pullout is completed. Some analysts believe the government will fall without its Soviet backers and the seven major rebel groups will compete among themselves for control of the country.

## Kiosk

### China May Lift U.S. Satellites

**WASHINGTON (NYT)** — The State Department has recommended to the White House that the United States approve for the first time export licenses for U.S.-built communications satellites for launch on Chinese rockets, department officials said Tuesday.

The Department of Transportation is opposed to the deal. Because of the conflict, the matter has gone to the White House, which is expected to reach a decision by mid-September.



Behr Mustapha of the Polisario in Geneva, where his group and Morocco agreed Tuesday on a UN peace plan. Page 2.

**General News**

The U.S. has accused the Laotian government of supporting drug trafficking. Page 2.

Rescue work at the air show has been criticized by West German doctors. Page 6.

**Business/Finance**

The chief U.S. economic forecasting gauge fell 0.8 percent in July, the sharpest drop since November. Page 13.

**Dow Close**

Down	3.20
DM	1.8888
Pound	1.688
Yen	134.05
FF	6.3395



NOMINATING COMMITTEE IN CHILE — President Augusto Pinochet, second from right, with top military leaders who nominated him on Tuesday as the single candidate for a presidential referendum in Chile, which will probably be held during October. General Pinochet came to power 15 years ago.

## Bonn Expects Surge of Ethnic Germans From East

**By Barry James**  
*International Herald Tribune*

The West German cabinet is expected to adopt a package of measures Wednesday to cope with this year's dramatic surge in the number of ethnic Germans emigrating from the Soviet Union and Eastern Europe.

The government calculates, on the basis of the number of arrivals so far, that as many as 200,000 people claiming German origin will arrive by the end of 1988, more than double the 86,000 of a year ago. It is likely to authorize substantially more money for their housing, education and training, health, welfare and resettlement.

In all, as many as 600,000 of the estimated 3.5 million ethnic Germans remaining in Communist countries are expected to settle in West Germany between now and 1990, placing an unexpected burden on national and state welfare budgets.

A total of 1.4 million people of German origin have emigrated from the East since the adoption of the 1949 West German constitution, which guarantees citizenship to ethnic migrants.

The flow of migrants has turned into a flood in recent months, partly because the Soviet Union has eased restrictions on exit visas to enable family reunions; partly because of harsh economic conditions in Poland, and partly because of the Romanian government's campaign to suppress the culture of ethnic minorities.

The biggest problem facing the cabinet is likely to be the financing of the 30,000 new housing units considered necessary to handle the influx this year alone. Interior ministry sources said that Finance Minister Gerhard Stoltenberg is of

feeling far less than the 2 billion Deutsche marks (\$1.1 billion) needed for the new dwellings.

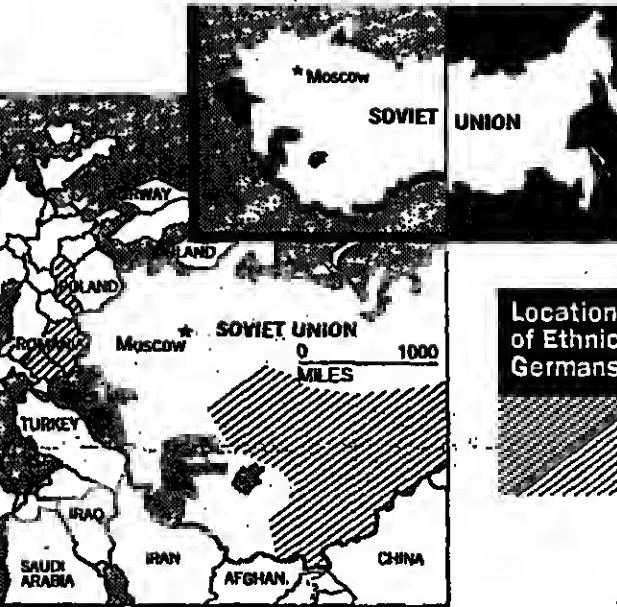
The Free Democratic Party, the junior partner in Chancellor Helmut Kohl's center-right coalition, says "qualitative improvements" and new measures to meet the refugees' needs should be a top priority.

It wants reception camps to be improved and enlarged, along with adequate funds to pay for the assimilation, language training and health and welfare needs.

The government has come under sustained criticism from the press and opposition parties because of its alleged neglect of the migrants, most of them destitute on arrival, and many unable to speak German.

At the same time, with 2 million West Germans out of work, the incomes are often seen as unwelcome rivals for jobs. Mr. Kohl rose

See ETHNIC, Page 6



## With Talks Stalled, Khomeini Warns That War Is Not Ended

**By Alan Cowell**  
*New York Times Service*

**CAIRO** — With peace talks between Iran and Iraq making no headway, Ayatollah Ruhollah Khomeini was reported Tuesday as saying that the eight-year conflict was not over and that Iranians should feel themselves at war.

The statement, carried on Tehran radio Monday in Nicaragua, was the Iranian spiritual leader's first reported comment since a United Nations-sponsored cease-fire came into effect Aug. 20.

Before Iran accepted the truce on July 18, the ayatollah said accepting it was worse than drinking poison.

and the negotiations were stalled over the issue of troop withdrawal to internationally recognized boundaries and such maritime issues as clearing the Shatt-al-Arab waterway. The Associated Press reported.

The formal, joint sessions that began Thursday were not scheduled to resume Tuesday, and UN officials were meeting with members of both delegations.

The radio said the ayatollah made his remarks to Iranian leaders, including President Ali Khomeini and Prime Minister Mir Hossein Mousavi during a meeting at his home in northern Tehran.

A force of 350 unarmed UN observers drawn from 24 countries is now in place along the Iran-Iraq border, and no major violations of the cease-fire have been reported.

The ayatollah's comments reflected the suspicions and animosities standing between the cease-fire and a full peace treaty.

Iran and Iraq opened peace negotiations under UN auspices in Geneva on Thursday, but the talks have stalled over a centuries-old dispute relating to the Shatt-al-Arab waterway.

Iraq claims sovereignty over the entire waterway — its only access to the sea for shipping. But Iran, citing a 1975 treaty that Baghdad sides is abrogated, contends that the border runs along the center of the waterway's deep-water channel.

Iraqi officials in Baghdad have made it clear in recent days that they feel in a strong position because of what they say is Iran's war-weariness. Baghdad's own recent string of battle-field successes and because of a shift in regional power balances since the 1975 agreement on the Shatt-al-Arab was negotiated with the shah of Iran.

At that time, the Iranian ruler backed a stubborn Kurdish uprising in northern Iraq and Baghdad was under pressure to trade concessions on the waterway for the withdrawal of the shah's backing for the Kurds.

In recent weeks, however, Iraqi forces have embarked on a major drive against the fractious, rebellious Kurds led by Jalal Talabani and Massoud Barzani and supported by Tehran.

Kurdish rebel spokesmen outside the region have accused Iraq of using chemical weapons in the campaign, but there has been no independent substantiation of the claims. Earlier this year, Iraq was accused of using poison gas attacks on its own Kurdish population after Iranian forces captured the border town of Halabja.

About a fifth of Iraq's population of 16 million is Kurdish.

News reports Tuesday from Turkey, which borders northern Iraq, said that there was no agreement at present to end the strikes.

But in a carefully prepared statement at his weekly press conference, a government spokesman, Jerzy Urban made clear that the roundtable would begin only after "an end to the strike by Lech Walesa and the shipyard in which he works."

Sources close to church officials brokering the talks said the shipyard workers, who had pledged to continue striking until their demand for the renewed legalization of Solidarity was met, could take the compromise step of returning to work while retaining their strike committee and the decoration of

See GULF, Page 2

See POLAND, Page 2

## French Luxury Firms Lure Japanese Buyers

**By Steven Greenhouse**  
*New York Times Service*

**PARIS** — What do Chateau Lagrange, the Bordeaux vineyard; Lucas Carton, the three-star restaurant; and Carita, the hairdresser, have in common? Certainly they are all symbols of French savoir vivre. But in addition, Japanese companies now own or have agreed to buy all of them.

Japanese investors have poured billions of yen into France in recent months, prospecting from the Champs-Élysées to the Côte d'Azur in search of lustrous nuggets of French luxury. Among the other acquisitions have been hotels, country clubs and chateaux.

"For our country, France represents class, luxury, joie de vivre," said Hideo Suzuki, commercial attaché with the Japanese Embassy in France. "Just look at how popular Louis Vuitton handbags have become in Japan."

While the French, from impressionist painters to factory managers, have long borrowed from Japanese culture, many people in France are uneasy about the new wave of Japanese influence.

They are concerned that precious pieces of their patrimony are slipping into foreign hands. Some fear that the new owners, not being part of the nation that brought the world Aizençon lace.



These follow Japanese acquisitions of a \$15 million chateau-villa near Montpellier; the Rochefort Country Club outside Paris; the Hôtel Chantaco, in Saint-Jean-de-Luz; and Chateau Citran and Chateau Reysson, respected vineyards in the Haut-Médoc region.

Some recent acquisitions have been delayed, and may even be blocked, by the French government because of its displeasure with high Japanese taxes on imported French wine and spirits as well as concerns about France's patrimony.

Japanese executives vowed that they would not tinker with fine French traditions. Indeed, they said they were turning to France because they revered its traditions.

"After World War II, the Japanese were attracted to many American things, which were new and exciting," said Takashi Watanabe, director of the European office of Shinsei Co., the Japanese cosmetics giant. "But the Japanese are a people for whom tradition is very important. The Japanese are now becoming more attracted to Europe because it represents tradition."

"And when the Japanese turn toward Europe, the country that

See FRANCE, Page 17

## Strikes Stir Food Crisis For Burma

**By Keith B. Richburg**  
*Washington Post Service*

**BANGKOK** — Nationwide strikes and continued unrest have begun to take their toll on Burma's already battered economy, causing shortages of food and gasoline, according to news agency reports, telephone interviews with diplomats in Rangoon and broadcasts on the state-run radio.

Rangoon radio reported that the strikes, which have halted most transportation, had caused food stocks to spiral to "exorbitant prices" in the capital.

"The people are facing great difficulties in their lives, especially with regard to food," the broadcast said.

"Monks, organizations and personages who consider the interest of the people are urged to help," the broadcast declared.

It also said: "The stoppage of rail service, which is the cheapest mode of transportation, has caused hardship to the people and also caused the price of food to spiral."

A Western diplomat interviewed by telephone said that the strikes had idled Burmese oil refineries.

"That means at some point they are going to run out of fuel," he said, which will mean more serious food shortages. This diplomat predicted that the economic crisis

See BURMA, Page 2

## In Eritrea, Hunger Is a Weapon

**By John Kifner**  
*New York Times Service*

**NAKFA, Ethiopia** — "The tanks run over the people and ground them up," Amena Mohammed remembered later. "Bodies fell over us. I covered the two children with bloody clothes and pretended to be dead. We hid among the dead bodies for three days."

The 28-year-old woman is one of hundreds of thousands of Eritreans who have become refugees following Ethiopian attacks on civilians over the last four months. It is a refugee tide that, along with a government ban on foreign relief workers, may endanger as many as 2 million people with starvation.

After recent victories in which the Eritrean rebels broke out of nine years of stalemated trench warfare and overran the main army headquarters at Al Abed, the Ethiopian regime this spring began bombing and raiding villages in order to use hunger as a weapon by creating refugees, according to guerrilla officials.

"Practically the entire population has been driven out of this area," said Gebremichael Mengstem, field coordinator for the rebels' Eritrean Relief Agency, pointing out on a map a sector beginning near the port of Massawa and running north and inland to Al Abed.

He added: "We estimate

See REFUGEES, Page 6



## U.S. Claims Laos Directly Supports Drug Trafficking

By Michael Isikoff  
Washington Post Service

WASHINGTON — The State Department has accused the Communist government of Laos of trafficking in narcotics "as a matter of policy," charging that Laotian officials are directly involved in the operation of heroin-processing laboratories and have set up two state agencies responsible for marketing narcotics abroad.

The unusually strong language, contained in a new report on official narcotics corruption, represents the first time the United States has implicated a foreign government, as opposed to government officials, in promoting drug trafficking.

At the same time, the State Department decided not to seek sanctions against Laos for reasons of "overriding national interest." Specifically, the report states that the department concluded sanctions could jeopardize continued cooperation by the Laotian government in the search for the remains of U.S. servicemen killed or missing in action during the Vietnam War.

However, increased U.S. criticism of Laos in recent months has already started to pay off, said the assistant secretary of state for international narcotics matters, Ann B. Wroblewski. She said that it resulted in a Defense Department search in Laos, albeit mostly unsuccessful, for remains of missing-in-action servicemen, as well as an unprecedented drug-trafficking trial two weeks ago in the capital city, Vientiane.

The trial of 50 suspected heroin traffickers indicated that the U.S. policy of publicly condemning the Laotians was working, Ms. Wroblewski said. She added that the United States has few options because Laos receives no economic aid that can be cut off.

"The only leverage we have is publicity," she said, "the leverage of saying we think these people are dealing dope."

As for the evidence against the Laotians, "We've got reporting coming from lots of different channels," she said, "that shows that this is more than random acts of greed." She said the department does not have a single, specific document that implicates the government.

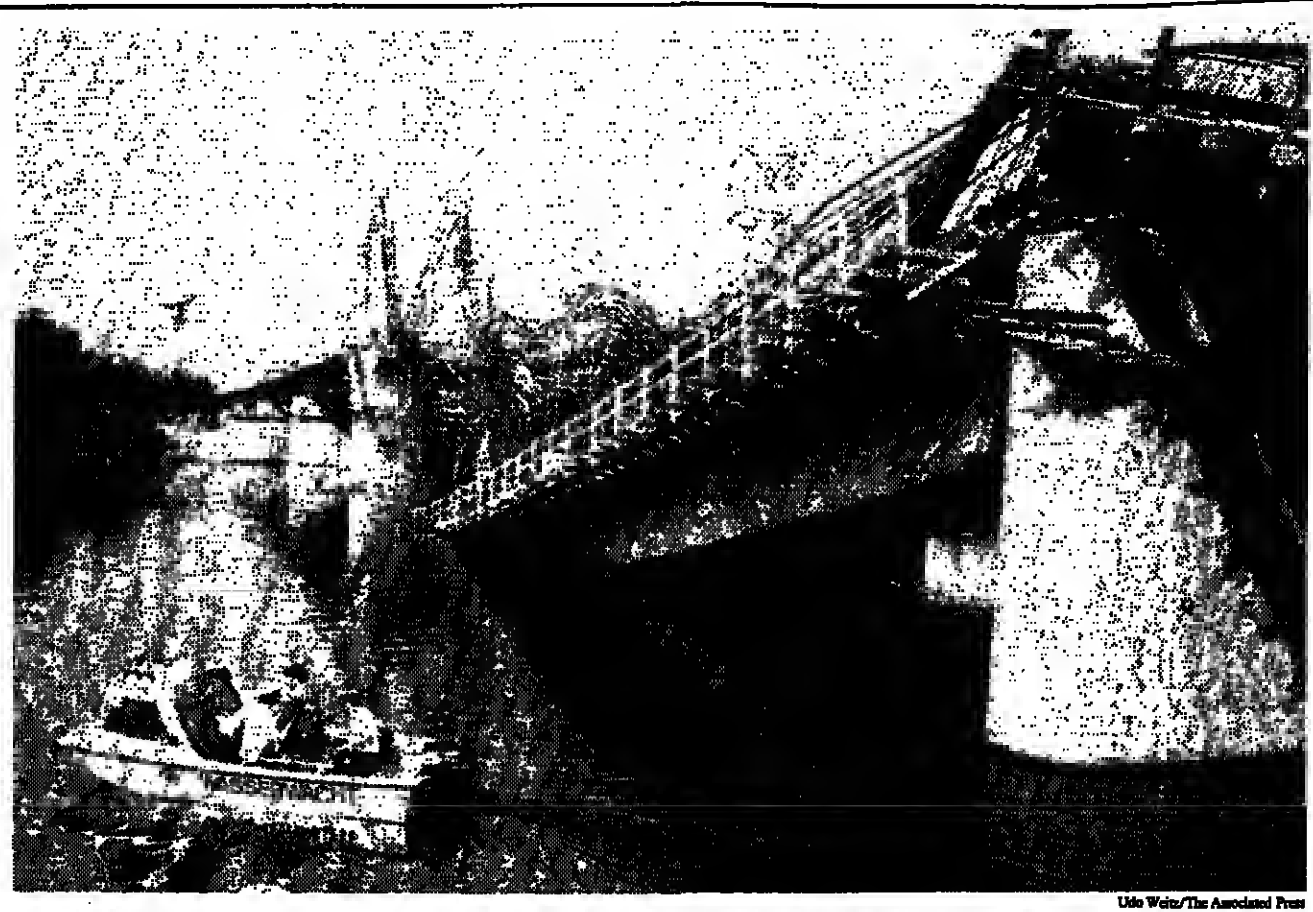
The Laotian government has consistently denied any complicity in the drug trade. In a letter to the State Department dated Aug. 18, the Laotian chargé d'affaires in Washington cited the trial as evidence of an anti-drug crackdown.

Besides the section on Laos, the report invokes a "national interest" waiver to certify that Mexico is cooperating with U.S. anti-drug efforts despite the refusal of the government to permit "hot pursuit" of drug-smuggling planes into its territory and its failure to bring to trial traffickers accused of the 1985 murder of Enrique Camarena Soto, a Drug Enforcement Administration agent.

The report also omits any mention of General Manuel Antonio Noriega of Panama as a foreign government official involved in the drug trade, on the ground that the United States formally recognizes Eric Arturo Delvalle as the leader of Panama.

The report accuses Laotian government officials of "being directly involved" in the processing of opium and marijuana and names two government agencies as allegedly promoting narcotics trafficking.

According to a source familiar with the evidence, the two agencies have encouraged the planting of opium poppies and marijuana among Hmong tribesmen in the northern, mountainous regions of Laos. The two agencies buy the narcotics, store them in government warehouses and then market them abroad as a means of earning foreign currency, the source said.



**WORKER KILLED IN BRIDGE COLLAPSE** — River policemen inspecting the damage after an 80-meter section of a bridge under construction over the Main collapsed Tuesday near Aschaffenburg, West Germany. One worker died and six were injured.

## WORLD BRIEFS

### Vietnam to Cooperate on Missing GIs

WASHINGTON (Reuters) — The State Department said on Tuesday that Vietnam had agreed to resume cooperation on finding the remains of 2,394 Americans still listed as missing in action in Indochina since the war.

The issue has long been regarded as a barrier to improved ties between the former enemies. The spokeswoman said that "there have been no concessions" by the United States to gain Hanoi's cooperation.

But she added that Hanoi had refused to resume cooperation on the resettlement in the United States of Vietnamese who were sent to "re-education" centers after the U.S.-backed South Vietnamese government fell in 1975.

### South African Troops Leave Angola

RUNDU, South-West Africa (AP) — The last South African troops withdrew from Angola on Tuesday after fighting for more than a year in support of anti-Marxist guerrillas.

The armed forces chief of staff, Lieutenant General Ian Gleeson, said at a ceremony that nearly 1,000 soldiers crossed into South-West Africa during the day as part of a regional peace accord. "As of this moment, we are out of Angola," General Gleeson said.

South African and foreign journalists were flown to Rundu, on the Angolan border, to witness the final stages of the withdrawal of South African forces, which have been inside Angola since early last year. They saw 50 military vehicles cross a pontoon bridge over the Okavango River; before the bridge was dismantled.

### Hirohito, 87, Suffers Cold and Fever

TOKYO (Reuters) — Emperor Hirohito, whose health has recently been a focus of attention here, has a cold and slight fever, an official said Tuesday.

The world's longest-reigning monarch, who was 87 in April, spent most of Tuesday in bed but was able to walk for his meals to the dining room of his summer villa in Nasu, 185 kilometers (115 miles) north of Tokyo, a court spokesman said. "His Majesty does not require hospitalization," he added.

Some Japanese magazines have complained that the imperial household is concealing the true state of the emperor's health. Hirohito has been emperor for 63 years.

### Swedes Fire at Suspected Submarine

STOCKHOLM (AP) — The Swedish Navy has fired depth charges at a suspected foreign submarine prowling off the west coast, a defense spokesman said Tuesday.

It was not clear if the vessel was hit or whether it escaped undamaged from the depth charges, which were fired late Monday in the Stig Fjord, 45 kilometers (28 miles) north of Göteborg, said the spokesman, Major Per Brissman. The navy last fired live ammunition at a suspected intruder on June 6.

### Soldiers Kill 3 in Northern Ireland

LONDON (AP) — Northern Ireland (AP) — Soldiers shot and killed three armed men Tuesday in Omagh, 50 miles (80 kilometers) west of Belfast, a police spokesman said.

The spokesman said the three men, who were not identified, had been traveling in a car and that two rifles were recovered at the scene. The soldiers "encountered armed men and opened fire," he said.

## Morocco and Polisario Agree to UN Plan

The Associated Press

GENEVA — Morocco and the Polisario guerrillas said Tuesday that they have agreed conditionally to a UN peace plan aimed at ending the conflict in the Western Sahara.

A United Nations spokesman, François Giuliiani, said both "accepted with remarks and comments" the Aug. 11 peace plan for a cease-fire and a UN-monitored referendum in the desert territory. Its text has not been made public.

Mr. Giuliiani said Secretary-General Javier Pérez de Cuéllar expects to have a UN peacekeeping operation under way in the Western Sahara before the end of the year.

Mr. Pérez de Cuéllar will also be appointing a special representative to supervise the peace process, Mr. Giuliiani said.

"Through the two replies, the conflict in the Western Sahara enters a new phase, with difficulties still to be settled," the Polisario delegation leader, Bechir Mustapha, said.

"We have accepted with certain conditions," he added.

The Moroccan foreign minister, Abdelatif Falali, said there "is an accord in principle to work together with the secretary-general for the implementation of his proposals."

"A referendum can be held in the relatively near future," he said.

Announcement of the tentative agreement followed last-minute meetings Saturday between Mr. Pérez de Cuéllar and the two sides.

The Marxist-led Polisario has fought for Western Sahara's independence since 1975, when Spain's colonial forces gave up the northwest African territory and Morocco annexed it.

Algeria backed Polisario's campaign from the onset, but Morocco and Algeria restored diplomatic relations last May after 12 years of tension.

Mr. Pérez de Cuéllar's detailed proposals last month included a cease-fire and a referendum on independence for the region, or for affiliation with another nation, most likely Morocco.

The UN is considering sending about 2,000 peacekeeping troops to the arid, sparsely populated territory to monitor the cease-fire.

Western Sahara covers about 110,000 square miles (280,000 square kilometers) but had only about 76,000 inhabitants in the last Spanish census in 1975. Most of its people have fled to Moroccan-held cities or to refugee camps around the Algerian oasis of Tindouf.

After Tuesday's announcements, a major remaining dispute was likely to be over who has the right to vote in a referendum.

Polisario claims about 165,000 Western Saharans live around the Tindouf oasis, but Morocco says most of them are not Western Saharans.

Polisario also claims that two-thirds of the 150,000 inhabitants of the Moroccan-held areas are immigrants and not eligible to vote, but Morocco claims 90 percent of them are Western Saharans.

Morocco's army has kept Polisario from major gains, mainly by building a series of defensive walls in the desert. But King Hassan II's war effort has been costing up to \$2 million a day in recent years.

## Politics Drives Israeli Policy on Uprising

By Glenn Frankel  
Washington Post Service

JERUSALEM — A new force is beginning to dominate Israeli politics in seeking to smother the Palestinian uprising: electoral politics, both here and in the United States.

With polls showing Israeli voters leaning toward a harder line against the eight-month-long wave of disorder and violence in the occupied West Bank and Gaza Strip, both of Israel's major political parties, Likud and Labor, are attempting to demonstrate their toughness when it comes to security matters.

Recent terrorist attacks within Israel, including last week's hand-grenade attack in Haifa that wounded 25 people, have further hardened the lines.

Both political blocs also appear to calculate that with the United States caught up in its own election, the Reagan administration will not be likely to challenge Israeli tactics for fear of alienating American Jewish supporters.

All of which helps explain why Israel's ruling trika — Prime Minister Yitzhak Shamir of Likud and Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin of Labor — forged ahead last week with plans to expel 25 more Palestinian activists, the largest number yet, despite an American protest that used the strongest language heard from Israel's main ally in several years.

And it explains why some diplomats, even as they made the protest, conceded privately that they saw little chance it would be heeded.

The prevailing sentiment among diplomats is that their ability to influence events is increasingly limited as Israel's Nov. 1 election approaches.

"The Israelis know we care deeply about this issue," a diplomat said, "and I believe they factored that into their decision. But they've decided to take the heat."

For months, Ambassador Thomas R. Pickering and other U.S. diplomats have sought to brake Israel's security crackdown by protesting what the United States views as human-rights violations.

Israeli officials contend that they listen to American expressions of concern, but lately such complaints have been ignored, as even some Israelis concede.

"They keep warning and expressing displeasure," a senior Foreign Ministry official said, "and it doesn't seem to have any effect. Today, everyone's running after security by trying to defend security, and that's what takes priority here."

That is why the latest American protest was so strongly worded, sources said, and why it was delivered at a senior level by the deputy secretary of state, John C. Whitehead.

"You have heard our position before," Mr. Whitehead reportedly told an Israeli diplomat, Oded Eran, in Washington, "but now the issue has reached the point that an increasing number of Americans are wondering what Israel is doing."

"If this attitude persists," he added, "damage to our bilateral relations will occur."

■ **Army Lifts Curfews**

The Israeli Army lifted most of its curfews in the West Bank on Tuesday, Reuters reported from Jerusalem.

A spokesman said the curfews imposed last Thursday on over 100,000 residents of Nablus, the West Bank's largest Arab city, and a nearby Palestinian refugee camp had been lifted because unrest had decreased.

Israeli leaders reacted to the American protest in different ways. Mr. Peres, who has long pressed quietly for restraint in measures such as expulsion, defended the Israeli decision publicly, but Foreign Ministry officials warned privately that American anger should not be underestimated.

Mr. Shamir wholeheartedly supported the expulsions and played down the extent of American concern.

Mr. Rabin, on the other hand, "loved it," a Shamir adviser said. "It gave him the opportunity to appear tough while the U.S. is busy with its own election, and it certainly helps with the Israeli public as well."

## TRAVEL UPDATE

### French Air Unions Urge More Strikes

PARIS (AP) — Unions representing flight navigators for the French domestic airline Air Inter called on the company's pilots and navigators Tuesday to continue strikes and slowdowns that have been in effect for most of the summer.

The unions also issued a strike warning for the week beginning Sept. 5. The unions have demanded that a crew of three occupy the cockpit on all flights of the new Airbus A-320. Management argues that two are sufficient.

Nigeria has rejected a request by foreign airlines for an increase of 100 percent in fares to offset the dwindling value of the naira currency, newspapers reported on Tuesday. (Reuters)

### Corrections

The obituary of the writer Max Shulman in the Aug. 30 editions misidentified his book about the gray-flannel commuting country east of Stamford, Connecticut. The book, published in 1957, was "Rally Round the Flag, Boys."

The South Korean sports minister was misidentified in a picture caption in the Aug. 30 editions. He is Cho Sang Ho.

## GULF: Khomeini Warns on War

(Continued from Page 1)

said thousands of Iraqi Kurds were fleeing the Iraqi assault and many were being turned back at the Turkish border.

The reports suggested that the Iraqi offensive, reportedly led by elite forces from the presidential guard, was continuing.

Diplomats in Baghdad have said in recent days that the Iraqi authorities have razed hundreds of Kurdish villages to deny sanctuary to the rebellious groups, forcing civilians into northern garrison towns or to be relocated in the south of the country, far from their homeland.

The Kurds are a transnational group numbering about 20 million and spread between the Soviet Union, Iran, Iraq, Turkey and Syria. They have their own language and wear distinctive dress.

Different Kurdish groups are conducting insurgencies in Iraq, Iraq and Turkey.

## Barcelona Heroin Deaths

BARCELONA — At least 41 people have died of drug overdoses during the past two months in the Barcelona region after taking unusually pure heroin thought to be from Thailand, the police said Tuesday. They said two persons died over the weekend and the body of another person was found at his home on Monday.

## BURMA: Strikes Stir Food Crisis

(Continued from Page 1)

seized power in 1962 when he was an army general.

U Nu's support of a referendum Sept. 12 that would pave the way for democracy did not quiet the demonstrations, in which hundreds of people have died in the past month.

Burmese railroad workers went on strike Friday, shutting down the most affordable form of long-distance transportation and making it difficult to move food into the cities.

Union Burma Airways suspended all domestic and international operations, and bus service was severely reduced.

With the closing of oil refineries, gasoline became scarce, and its price soared. With most gas stations closed, the black market price rose from about \$4.17 to \$16.67 per gallon.

Reports reaching Rangoon Monday said the governments of at least eight cities had stopped operating, that many offices of the ruling Burma Socialist Program Party had been closed and that some had been destroyed by protesters.

The analysts were divided, however, over whether a coup would come from the "reformists," who would side with the protesters demanding political and economic liberalization, or from a more hard-line army faction that might seize power to try to crush the protest.

■ **Strike Group Is Formed**

Employees from more than 120 government departments formed the All Services General Strike Committee on Tuesday and said it would begin staging demonstrations in two days calling for democracy. The Associated Press reported from Rangoon. The statement did not say how many people belonged to the committee.

Employees of the Foreign Ministry issued a statement condemning the government for "tampering the issue of the country in the eyes of the world." The employees were believed to be mostly clerks and junior officials.

Burma's leadership disintegrated after the Aug. 19 announcement that the civilian lawyer U Minn Mang had replaced U Sein Lwin as president and head of the sole political party. U Sein Lwin had taken over from U Ne Win, who

## POLAND: Walesa Role in Talks

(Continued from Page 1)

the shipyard gate with strike banners.

Despite the symbolic importance of the meeting, the prospects for compromise between the union and the government appeared cloudy.

A party Central Committee meeting over the weekend clearly ruled out any consideration of the trade union pluralism that the strikers are demanding.

Mr. Urban said Tuesday that the authorities did not foresee "a change of stance" on the trade union issue but were "seeking compromise concepts within the limits in which compromise is possible."

"We intend to search for a platform of agreement in favor of economic reforms and the political reforms associated with them," he added.

General Jaruzelski has proposed that the talks lead to the creation of a "council of national agreement" that would be empowered by the parliament, the Sejm, to draw up projects for political reforms and decide on voting procedures and possible participation by the church and opposition in parliamentary elections next year.

Senior church and opposition officials privately describe the offer as a slim basis on which to begin negotiations.

Both Solidarity and church activists refused to join a similar consultative body set up by General Jaruzelski two years ago.

However, senior church and Solidarity officials agreed that it was important to recognize and accept the government concession of recognizing Mr. Walesa as a bargaining partner.

"After all," a union source said, "this is what we have been publicly asking for and demanding all these years."

## Bush Failed a 'Test of Leadership' In Iran-Contra Affair, Dukakis Says

Compiled by Our Staff From Dispatches

AMHERST, Massachusetts — Governor Michael S. Dukakis said Tuesday that Vice President George Bush failed an important test of leadership in the Iran-contra affair, and he questioned whether the Republican rival had the judgment necessary to deal with the Soviet Union.

For the second day in a row, Mr. Bush declared that Mr. Dukakis favored "unilateral cuts" in U.S. defenses.

As the two contenders for the White House swapped charges, their aides met in Washington but failed to agree on a schedule for presidential debates.

The Bush aides are seeking two debates, with a third between the vice-presidential candidates. The Dukakis campaign wants at least three debates between the presidential candidates.

Mr. Bush, campaigning in Rocky Mount, North Carolina, said he did not want "to bore the American people" with too many debates.

Mr. Dukakis, who has sharpened his rhetoric in the face of widespread reports that he has lost the campaign offensive, said Mr. Bush was a failure as a crime fighter and misguided on defense matters, and he resurrected the Iran-contra affair as a campaign issue.

"Making tough decisions is a test of leadership," Mr. Dukakis said. "George Bush endorsed the decision to sell arms to Iran and in doing so he failed that test."

Mr. Dukakis mentioned the Iran-contra affair, dealings with the indicted Panamanian leader, Manuel Antonio Noriega, and Mr. Bush's support during the early 1980s for Ferdinand E. Marcos, then president of the Philippines, and said: "And he's talking about judgment, about negotiations, about taking risks. I would be very concerned about someone with that kind of judgment negotiating with the Soviet Union."

Mr. Bush kept up his own drumbeat of criticism as he campaigned in North Carolina. "We should not gamble America's future on another liberal governor coming out of nowhere," he said, likening Mr. Dukakis to former President Jimmy Carter.

Later, Mr. Bush said Mr. Dukakis wanted to make unilateral cuts in U.S. strategic systems, the MX and the Midgetman.

The vice president also cautioned against complacency in dealing with the Soviet Union. "I'm glad there is change in the Soviet Union," he said. "But we'd better not let our guard down."

Responding to the weapons charge, Mr. Dukakis said, "Mr. Bush says he wants them all." Mr. Dukakis said he opposed basing MX missiles on railroad cars, building two new aircraft carriers and deploying a space-based defense system.

"You can't have them all," Mr. Dukakis said. "Not if you're serious about providing the resources our conventional forces need, and not if you're serious about getting that deficit down."

Mr. Dukakis said Mr. Bush's record on crime was a "blank." He said, "On the rare occasions when the vice president has been asked to do something on this subject, it's been a failure."

Referring to the Iran-contra affair, he said that Mr. Bush was head of an anti-terrorism task force that had issued a report denouncing any concessions to terrorist nations.

"The president and the vice president and a number of other people," he said, "proceeded to do precisely what that commission said you should never do."

Reacting to questions about Mr. Bush, left, being greeted Tuesday at Raleigh, North Carolina, by Senator Jesse Helms, center.



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AMERICAN TOPICS

Equal Opportunity In the U.S. Theater

The black actor James Earl Jones has played roles traditionally given to whites in "Cat on a Hot Tin Roof," "The Godfather Part II" and "The Untouchables."

Actors Equity says that between 1982 and 1987, racial minorities accounted for 17 percent of the U.S. population, 12 percent of regional theater roles and 6 percent of the roles on Broadway.

August Wilson, author of the Broadway hit about black life, "Fences," says casting blacks in parts usually played by whites "denies them their basic humanity, their right to stand on a stage as who they are: Afro-Americans."

The producer Charles Gordon, while taking issue with color-blind casting, advocates creation of a multiracial theater: "Once there are writers who write about an American experience that is all-inclusive, you'll have a vital and vibrant American theater."

Canadian Beachhead For U.S. Universities

American universities have scored a beachhead in Canada, The New York Times reports, but "though only eight graduate schools and 500 students are involved, the American thrust has some Canadians worried about a large-scale invasion of American education following in the dominating footsteps of American oil companies and manufacturers."

The thrust into Canada is part of the accelerating presence of American universities elsewhere abroad, including Japan, Western Europe and South America. Foreign students are interested in American business practices and cultural styles, while U.S. institutions are looking for new students as the population of American 18-year-olds has dropped.

"I'm worried about an invasion" by American universities, says Richard Johnston, education spokesman for the opposition New Democratic Party in Ontario. But the American programs have the blessing of Ontario's education ministry and of the 120,000-member teachers' federation, which appreciates the flexibility of the U.S. programs.

Short Takes

"Nuclear Heartland," a 96-page paperback selling for \$12.50 and published by the Progressive Foundation of Madison, Wisconsin, has detailed maps showing the locations of 1,000 Minuteman missile sites in the Rocky Mountain and northern plains. The idea is to make people in those states aware of the "unseen weapons," said the editor, Sam Day, and "to encourage people to approach them and contemplate their meaning." Captain Don Flanagan, public affairs officer at Malstrom Air Force Base in Montana, said the air force has no objections to the book: "It's no secret where the missiles are. We can assume our enemies know where they are."

The judge who sentenced the former girl's school headmistress Jean Harris to 15 years to life for the second-degree murder of her lover, the Starbuck Dietz author Dr. Hazen Tamoway, said he would "strongly recommend" her release now that she has served

half her minimum sentence and is eligible for clemency. Now 65, she has asked to be freed because of her age, poor health, including two heart attacks in prison, and good prison record. The judge in the case, Russell Leggett, said, "She is not a threat to anyone. The only person she was a threat to is not around anymore."

Moments after getting married in San Diego, Michael and Johanna Jones spotted the groom's stolen car, chased it in their rented limousine, forced the driver to pull over and held two men until the police arrived. "I still had my bouquet in hand and I jumped out in my wedding gown," said Mrs. Jones, 30. "We yelled to people who stopped to see what was going on to call the police." The two men were arrested without further ado. The car, stolen two days earlier, was released to the newlyweds.

Shorter Takes: Public school education will cost an average of \$4,810 per pupil this year, up more than \$2,000 since 1980 and 39 percent ahead of inflation for that period, according to the U.S. Education Department. Vermont is expected to display its usual brilliant fall foliage despite an infestation by pear thrips, insects that largely defoliated the southern part of the state this year. Foresters say the trees grew a second set of leaves.

Arthur Higbee

High Fetal Drug Exposure Found in U.S.

By Jane E. Brody New York Times Service NEW YORK — A surprisingly high number of fetuses are being exposed to cocaine or other illegal drugs, according to a survey of 36 hospitals around the United States. The hospitals are in both urban and suburban areas and serve patients from all socioeconomic groups. The survey results, announced Monday, showed that at least 11 percent of women in the hospitals had used illegal drugs during pregnancy.

Experts said the data suggested that \$75,000 American newborns a year faced the possibility of health damage from their mothers' drug abuse. Damage to the fetus from cocaine exposure could include brain damage, premature birth, retarded fetal growth, breathing lapses, absence of part of the gut, structural abnormalities in the genital and urinary organs and seizures after birth, according to Dr. Ira J. Chasnoff, director of the survey.

Even when the woman stops using cocaine in the first three months of pregnancy, the fetus is at risk of malformations, strokes and behavioral abnormalities, Dr. Chasnoff's studies have shown. Marijuana, too, can have untoward effects on the fetus.

Dr. Barry Zuckerman, a professor of pediatrics at Boston University's School of Medicine and director of developmental and behavioral pediatrics at Boston City Hospital, reported that babies that had been exposed to marijuana were likely to be smaller than normal and to show such neurological difficulties as an abnormal startle reflex, an increase in tremors and an inability to shut out disturbing stimuli.

Although alcohol was not included in the new survey, experts consider it to be an even greater problem than illegal drugs. At high levels of use, it can cause serious malformation.

Even at moderate levels, alcohol use is associated with an increased risk of mental or physical damage to the fetus.

"Recent studies show that drug abuse during pregnancy is far more pervasive than we had thought," said Dr. Elaine M. Johnson, director of the Federal Office of Substance Abuse Prevention. "It cuts across racial and socioeconomic lines and maternal age groups, especially since cocaine has become so popular."

Despite the prevalence of the problem, "most cases of drug abuse among pregnant women go undetected and untreated," Dr. Johnson

said at a conference on drugs and pregnancy this week. The survey was compiled by the National Association for Perinatal Addiction Research and Education. Dr. Chasnoff, who is president of the fledgling association, asserted in an interview that the findings significantly underestimated the extent of the problem, since physicians rarely questioned private obstetrical patients about drug use or tested their urine for drugs.

"Most centers worry about the liability," she explained. "So soon as they discover a woman is pregnant, they refuse her or throw her out of the program. Even emergency detoxification programs don't want pregnant women."

Thirty-six had gathered data on pregnant women or newborns that allowed analysis of drug-abuse rates. According to Dr. Janet Chandler, coordinator of Chemical Dependency Services at Northwestern University's Perinatal Center for Chemical Dependence, pregnant women are often discriminated against by addiction treatment programs.

Dr. Chasnoff said the differences were mainly a result of how carefully the hospitals looked for the problem. Hospitals with an established protocol for determining drug abuse among pregnant patients were three to five times more likely to find it than were hospitals with little or no systematic monitoring.

The substances included in the survey were cocaine, marijuana, heroin and methadone, amphetamines and PCP, or "angel dust." The study showed a range of substance abuse in pregnancy of 0.4 percent to 27 percent from one hospital to another.

Dr. Chasnoff said the differences were mainly a result of how carefully the hospitals looked for the problem. Hospitals with an established protocol for determining drug abuse among pregnant patients were three to five times more likely to find it than were hospitals with little or no systematic monitoring.

Chemical Cuts May Not Stop 'Greenhouse'

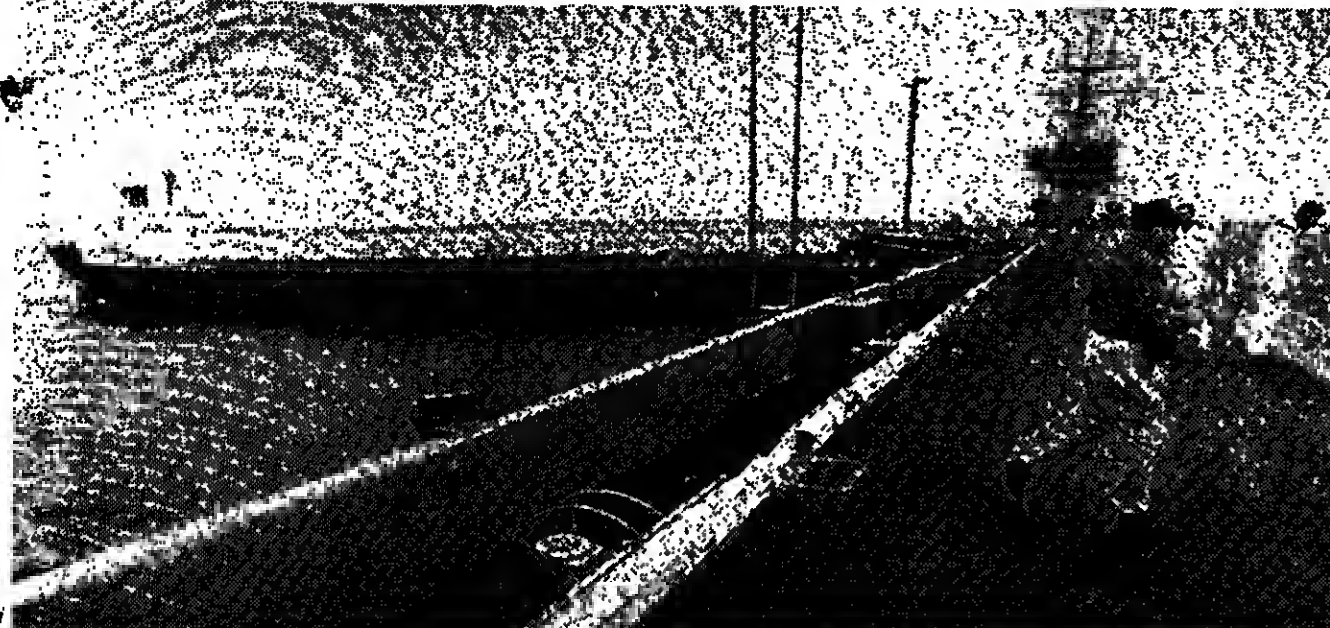
WASHINGTON — Even a drastic cutback in the release of the chemicals blamed for causing the global "greenhouse effect" is unlikely to halt the heating of the planet, a new climate analysis says. A computer model of the Earth's climate was used to calculate climate changes if the chemicals contained in the atmosphere were reduced to 25 percent of their current levels and at lower rates and if they were drastically cut back.

In the first case, the Earth's average temperature was calculated to rise by 1.6 degrees Fahrenheit (0.9 centigrade) within 20 years. In the second model, it would take 25 years for that same increase to occur.

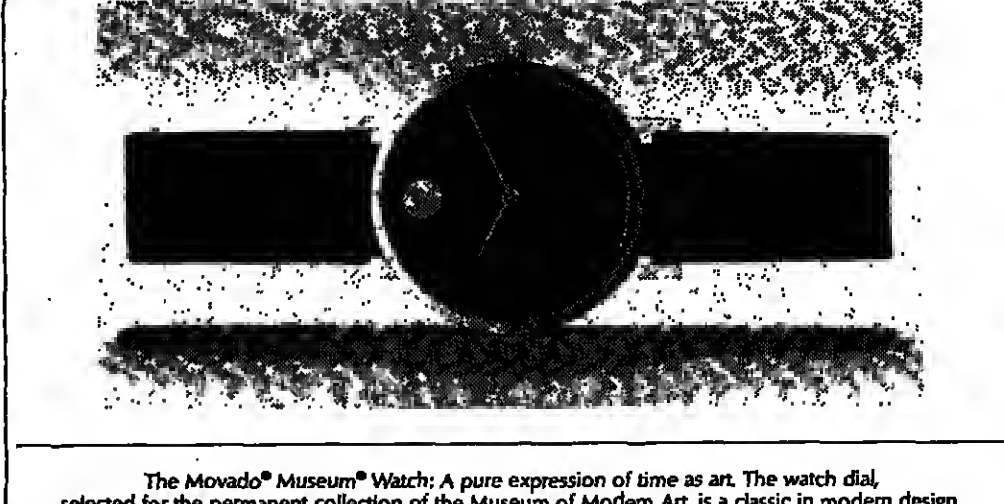
But even with a drastic and probably unrealistic "cutback" in chemical releases, the temperature would rise that much eventually, and probably would climb by 0.8 degrees Fahrenheit (0.4 centigrade)

within 15 years, according to the study published in the Aug. 20 issue of the Journal of Geophysical Research-Atmospheres. A warming of 0.8 degrees Fahrenheit in a decade is thought to be faster than most plants are able to accommodate.

Other scientists have speculated that the increasing heat would cause some of the ice to melt in the polar regions, possibly raising sea levels around the world.



OOPS — View from the flight deck of the U.S. aircraft carrier Dwight D. Eisenhower, which collided with the Spanish coal freighter Urduliz while entering the harbor Monday at Hampton Roads, Virginia. There was minor damage, officials said, but no one was injured.



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Herald Tribune

Of Cleanup and Controls

When medical waste began to wash up on America's Atlantic beaches this summer, it was one of the year's more significant political events.

who have never been very tidy in throwing out their trash, and a country that has reached a level of affluence at which the production of waste has soared.

Dukakis Sees the Light

A lot of business gets transacted in the folds of a presidential campaign. Rarely is it subtle. The latest example is the minor epiphany that Michael Dukakis experienced this month on the space program.

to which the budget deficit has never mattered anyway, has supported NASA. Would a Dukakis White House do the same?

Criminal Fines by the Day

"Day fines," long used in Sweden and West Germany to punish criminals, have now been introduced to the United States in an experiment in Staten Island, New York.

from \$3 to \$200, calculated according to the offender's income and number of dependents. Thus the welfare mother of two caught shoplifting a \$600 watch will be fined 40 days at \$3 a day, for a total of \$200.

Other Comment

Changing the Face of Asia

With the popular revolt in Burma and the recent unexpected change of government in Thailand, a corner of Asia which seemed tranquil and timeless has suddenly come to international attention.

poor. If Japan were to extend to the countries of central-southern and Southeast Asia a measure not just of its economic success but political influence as well, the changes in the map of Asia over the next 20 years might be greater than anyone imagines today.

An Open Letter From a Jewish Writer to Yasser Arafat

By Marek Halter

PARIS — You invited me to Tunis and for several hours there we had a thorough and brisk conversation on Aug. 20. You told me you were surprised by the number and brutality of my questions.

You know I am not a diplomat, but a writer. I feel, to be honest with myself and respectful to my readers, I must put my questions publicly. You will have to answer them just as publicly sooner or later.



Drawing by CUMMINGS & W. Synthes

Pakistanis Need Help, Not Lectures, From the West

By Zbigniew Brzezinski

WASHINGTON — The death of President Zia-ul-Haq of Pakistan is not only a personal tragedy but an event of great geopolitical importance.

General Zia was determined to see that game played to the very end. He was not prepared to settle for an Afghanistan that would remain a Soviet satellite even after the Soviet army's withdrawal, and in his last several weeks he rebuffed the most threatening and dire Soviet demands that he discontinue his support of the mujahidin.

lengthy period of instability, threatening its political integrity. All this makes strong and clear-cut Western support for Pakistan all the more important.



Drawing of Zia by OLIVER, C&W Synthes

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Telling Americans to Save Won't Solve the Problem

By Robert Eisner

EVANSTON, Illinois — Are Americans saving too little? Does a low national saving rate really lie at the heart of their economic troubles?

to begin buying private stocks and bonds. Eventually, the government, through the trust funds, will become the owner of huge amounts of private property.

Second, the support of national saving, correctly measured to include the accumulation of all kinds of capital, means a full measure of public investment in human capital and in those items traditionally provided by government: roads and bridges, schools and hospitals.

100, 75 AND 50 YEARS AGO

1888: Cleveland's Dodges
LONDON — Mr. Blaine, who made himself much liked and petted in aristocratic British circles during the past summer, was very premature in his announcement of the love in those circles for President Cleveland.

1938: Chiang Survives

SHANGHAI — One thousand Chinese civilians died, but Chinese Generalissimo Chiang Kai-shek, who the Japanese had hoped to kill, was unhurt today [Aug. 30] in a terrific air bombardment of Kiangsheng by Japanese planes.

1913: Mexican Question

NEW YORK — The Mexico City correspondent of the Herald cables that the Diaz party is now doing its best to bring public opinion around to the contention that Senor Huerta's candidature for the Presidency is a violation of the Constitution.

hundred Americans left Mexico City yesterday [August 29]. According to the Herald's correspondent the Mexican press is supporting Senor Huerta, El Dictator declaring that nine-tenths of the country is under his authority.

Trapped in the Of Poland - Pri
Remembering t The Afrikaners
100, 75 AND 50 YEARS AGO
1888: Cleveland's Dodges
1938: Chiang Survives
1913: Mexican Question



OPINION

Trapped in the Sordid Hell Of Poland's Prison System

By A. M. Rosenthal

NEW YORK — Wladyslaw Fraszynski is a former member of the outlawed Polish labor union Solidarity...

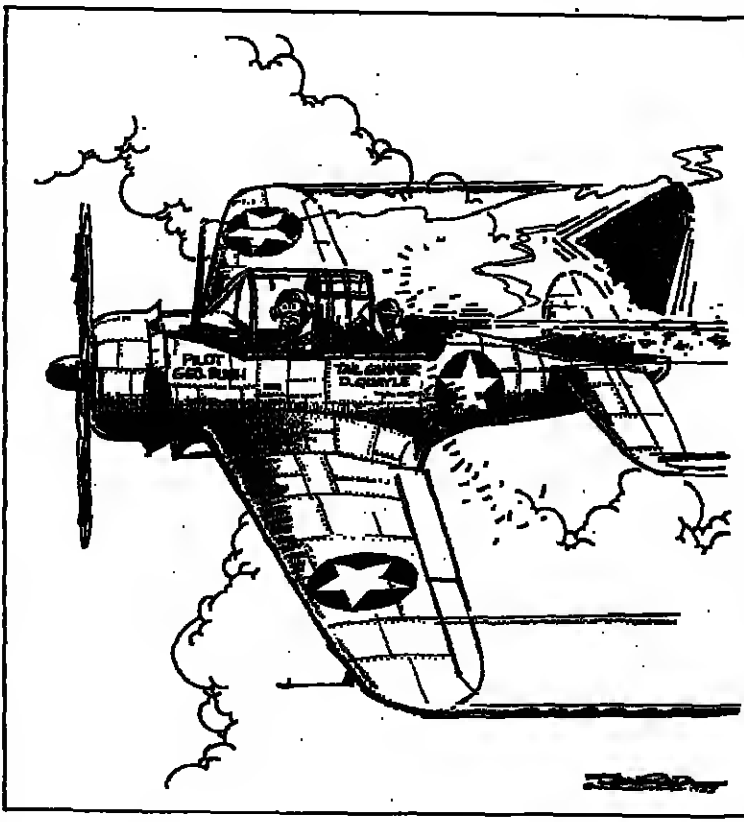
broke down and mutilated themselves. I was very harshly beaten and had my genitals twisted...

ON MY MIND

Human Rights Watch, an American organization. The report is the result of a fact-finding mission to Poland last year by Professor Herman Schwartz...

If Jaruzelski Should Fall...

It is not inconceivable that this fresh outbreak of discontent could topple General Jaruzelski...



How to Raise the Rate of Unproductivity

By Ellen Goodman

CASCO BAY, Maine — The tide has come in and filled up the cove. A fat, fuzzy bee has worked the last rose-hip flower...

magazine in the checkout line. To use rather than waste time...

It has taken me days to come down to this speed. To my morning of utter inefficiency...

MEANWHILE

city and the office, I had reached a peak of impatience. The money machine at the bank seemed tortuously slow...

O'Keeffe's paintings last winter. She wrote once: "Still — in a way — nobody sees a flower — really it is so small — we haven't time — and so takes time, like to have a friend takes time."

As the painter Georgia O'Keeffe once put it, "To see takes time, like to have a friend takes time."

more efficient. These things usually lose in the race of workaday life. Not long ago, I read a report from Pittsburgh about how much time Americans waste in their lives...

Perhaps. But I am not convinced that inefficiency is our problem. Instead, it may be the passion for efficiency...

There is a difference between Mr. Quayle's "C" grade and being interested only in golf during college...

Mr. Quayle displays an inordinate love of the expression "a little bit." His every other sentence seems to contain it...

I take it that the most obvious joke of this presidential campaign is: What do you get when you cross a hawk with a chicken? A Quayle.

LETTERS TO THE EDITOR

Debate Over Quayle's Record Raises Painful Memories

Regarding the opinion column by Richard Cohen (Aug. 19):

Isn't it ironic that the United States has come to the point where a candidate's ability to serve as vice president should be determined by whether he volunteered or was drafted to fight on the front lines in Vietnam...

navy pilot in World War II, saw the folly in the Vietnam War, especially at the end, and didn't want his boys there...

Regarding "Quayle: Talk of Favoritism" (Aug. 19): The issue hits the nerve of every American who lived through the Vietnam conflict...

Regarding "Bush Fights Back on Quayle's Record" (Aug. 23): So, according to George Bush, Dan Quayle is fit to run for the vice presidency...

I'm 40, from the same generation as Dan Quayle and from a similar background...

draft cards, and so on, is inapt: Golden Boy Quayle didn't have to resort to such desperate measures to achieve the same ends...

I left the States in 1968 to avoid the draft, and I'm not ashamed of it. So why should Dan Quayle be? We both recognized a dirty little war not worth fighting...

The title of the Aug. 25 editorial "Enough About the Guard" was timely, after a week of articles on Senator Quayle's guard service...

Although William Pfaff, on the same page ("Quayle Failed the Test of Honor"), says participation in war is not the only test of honor...

It is ridiculous to see how the American liberals and most of the media are turning up their noses at Senator

GENERAL NEWS

Remembering the Great Trek: The Afrikaners Are Divided

By John D. Battersby

CAPE TOWN — Sitting on the newly painted green bench of a canvas-and-wood ox-wagon...

Mr. Du Plooy, in top hat and tails, and his wife, Mari, in burgundy-colored period dress...

The 1838 Great Trek, a grueling venture into an uncharted interior, led to the creation of Afrikaner republics in what are now the Transvaal and Orange Free State provinces.

Today, these provinces are the power base of a far-right Afrikaner political revolt.

Caught between growing resistance to apartheid laws by blacks and demands by right-wing whites for a return to old-style apartheid...

The tensions are reflected, too, in an internal Afrikaner squabble about how the Great Trek's 150th anniversary should be commemorated.

Far-right Afrikaners are staging their own observance in October, when 13 motorized ox-wagons are to set out on the Transvaal and Orange Free State.

Government moves to curb the growth of the latter camp led to a growing liberalization have led to a growing liberalization in the Afrikaner press...

Current government efforts to force through Parliament legislation buttressing residential segregation have led to a boycott by mixed-race, Indian, and liberal white legislators.

South African blacks who account for more than 70 percent of the population, but who are excluded from representation in Parliament...

ditional anniversary led the National Party to hold its own observance. By contrast, the Nationalists' motto is "Forward South Africa..."

"We are doing this for all South Africans," said Pieter Van Zyl, a blind Afrikaner farmer from Transvaal who provided the oxen for the Nationalist trek.

"The blacks on this trip are part and parcel of the team," he said. "I can't do without them."

The handful of people who braved cold, gale-force winds and rain on Monday to see the trickers off from Cape Town was a far cry from the tens of thousands who flocked to celebrate the 1938 centenary of the Great Trek.

The centenary served as a focus for the political mobilization of Afrikaners, which culminated with a National Party victory in the 1948 election. This is the party's 40th year of uninterrupted rule.

Afrikaner leaders of the National Party today are seeking to play down emotive festivals that focus on the Afrikaners' isolation and sense of divine mission as they seek new allies in a hostile world.

But the Conservative Party, which has become the vehicle for rural and working-class Afrikaners disillusioned with what they see as a weak and elitist National Party...

Far-right leaders like Carel Boshoff, a theologian and Conservative Party member, have begun to prepare the far right for the possibility of partition of South Africa...

The attempt by the far-right Conservative Party and like-minded groups to dominate the event...

Monday, he said that "some people infiltrated into the revolutionary committees" and that they "physically liquidated some elements who were proven to have deviated from the committees."

"They intended to harm the masses so they would hate the revolutionary committees," he added. "Terrorism, if it arises, must be individual or committee terrorism."

The Libyan leader announced that the committees would be dissolved when they were no longer needed to guide the masses.

"We want the next phase to be one in which the masses themselves, not the revolutionary committees, confront the enemies."

Diplomats said public discontent had risen last year because of harassment by the committees, economic austerity and an unpopular war with Chad.

In June, the General People's Congress, or parliament, passed a human rights charter guaranteeing freedom of expression and denouncing the use of violence.

In what diplomats said was a move to shore up popular support, Colonel Gadhafi bulldozed a prison in March after freeing its inmates, some of whom were thought to be political prisoners.

In his speech, Colonel Gadhafi called for greater economic freedom for the private sector. He appeared to favor easing the government's monopoly on foreign trade.

He said the black market was a positive development that showed the people's initiative in meeting their needs.

On Thursday, Libya will celebrate the 19th anniversary of the revolution that overthrew the monarchy.



Social Democratic leaders Oskar Lafontaine, Johannes Rau and Hans-Jochen Vogel, from left, during the opening of a party congress. The party has had a recent resurgence in popularity.

Bonn Party Votes Quota for Women

MUNSTER, West Germany — West Germany's opposition Social Democrats pledged Tuesday to give women 40 percent of party jobs...

But the Conservative Party, which has become the vehicle for rural and working-class Afrikaners disillusioned with what they see as a weak and elitist National Party...

On the first day of a four-day party congress, delegates voted overwhelmingly to give women four of every 10 party jobs and elected posts within 10 years.

They also increased from two to three the number of deputy party leadership posts, reserving the new post for a woman.

After a two-hour debate on the women's quota, delegates approved the rule by a vote of 362 to 54.

Opinion polls show the Social Democratic Party surging in popularity after six years in opposition, buoyed by a landslide victory in state elections in Schleswig-Holstein last May.

Opponents of the quota warned that a compulsory system would bog the party down in bureaucratic wrangling.

The quota's backers said that 70 years after German women were given the vote, it was time the Social Democrats regulated equality.

In a keynote speech earlier in the day, Hans-Jochen Vogel, the party chairman, accused the conservative three-party government of having squandered West Germany's riches with tax reforms and bad industrial and employment policies.

He said family government policies and a renewed party unity after years of squabbling had given the Social Democrats fresh energy.

The Social Democratic Party led the government for 13 years, but in 1982, its partner in the government coalition, the Free Democratic Party, switched sides and joined Mr. Kohl in a three-party government.

Tom by internal strife, the party was abandoned by many young voters for the environmentalist Greens party.

Opinion polls now indicate the Social Democrats would win 43 to 47 percent of the vote. In last year's general election, they won 37 percent of the vote.

According to the polls, Mr. Kohl's party, the Christian Democrats, and its sister party, the Christian Social Union, would together win 35 to 40 percent of the vote.

Seal Deaths Are Result Of Distemper Virus

By Steve Lohr

NEW YORK TIMES SERVICE LONDON — A team of Dutch scientists has announced that an animal virus that more commonly infects dogs is the cause of an epidemic that has killed more than 7,000 seals this year in the North Sea and the Baltic.

The Dutch researchers, led by Dr. Albert Osterhaus, a veterinary virologist at the National Institute of Public Health and Environmental Protection in the Netherlands, have also developed a vaccine to combat the distemper virus.

"But it's no cure," Dr. Osterhaus said in a telephone interview. "It will be effective only in animals that have not yet been infected."

Moreover, wildlife specialists caution that it would be virtually impossible to vaccinate much of the healthy seal population in the North Sea because healthy seals are very difficult to trap.

The new vaccine, developed with the aid of Dr. Bror Mörzen of the University of Uppsala in Sweden, will be administered mainly to animals in sanctuaries to replenish the seal population.

To date, 50 doses of the vaccine have been administered to animals at a sanctuary in Piterburgen, Netherlands, Dr. Osterhaus said.

The identity of the virus behind the epidemic was a surprise. Veterinary experts, including Dr. Osterhaus at first suspected the herpes virus or a picornavirus, having found them in some diseased seals.

But subsequent tests found that antibodies to those viruses were present in a comparatively small percentage of infected seals.

The suggestion to look for the distemper virus came from Dr. Anders Bergman, a Swedish veterinary pathologist, one of several foreign specialists with whom the Dutch team was cooperating.

"It was clear the disease picture was exactly the same as in dogs," Dr. Bergman said Tuesday in Stockholm.

The disease, apparently transmitted through coughing, displays many of the same symptoms in seals as in dogs: watery eyes, thick nasal discharge, inflammation of the lungs, liver and intestines, and lesions in the nervous system.

The Dutch group has led an international effort against the deadly epidemic. Blood samples have been taken from hundreds of seals in the Netherlands, West Germany, Sweden, Denmark and Britain, before and after the animals contracted the disease.

all the diseased animals had developed antibodies to the distemper virus. Dr. Osterhaus said that seals tested in previous years in the North Sea did not possess those antibodies.

Dr. Osterhaus said seal blood-scrum samples from Greenland indicated that the animals there might have been the first to contract the disease, probably from dogs. It is unlikely that humans could get the disease, he added.

The Dutch research will be published Thursday in the British science journal, *Nature*.

Still unclear is the part, if any, that pollution may have played in the seal epidemic.

Although pollution is not directly responsible, Dr. Osterhaus said it may have "deteriorated the effectiveness of the seals' immunological systems."

Toll Rises to 19 Among Zulus in Faction Fighting

JOHANNESBURG — Six black men were killed in factional fighting and clashes with the police in Natal province, the police said Tuesday, bringing the death toll of Zulus to 19 in two days.

At Mlotweni, outside Durban, where residents had said that 10 blacks were killed Sunday, the police reported in fights over land, the police reported another four had died Monday.

The police have given no motives for the killings. But residents and independent groups said much of the fighting, particularly around Mlotweni, involves disputes over land since thousands of Zulus were flooded out of their homes a year ago and have moved from place to place trying to rebuild their huts.

Also, an estimated 600 blacks have died in the past 18 months in Natal province in fighting between supporters of the banned United Democratic Front, a multiracial anti-apartheid federation, and members of the more conservative Zulu political organization, Inkatha.

Bangladesh Floods Kill 152

AGENCE FRANCE-PRESSE DHAKA — Monsoon floods have affected a third of Bangladesh, pushing the unofficial death toll to 152 and making thousands of people homeless.

Gadhafi Accuses His Own Committees of Killings

TRIPOLI, Libya — Colonel Moammar Gadhafi, the Libyan leader, has accused his own revolutionary committees of political killings.

The committees, which have broad security and intelligence functions, were formed in 1977 to defend and promote the Libyan revolution.

Addressing a rally of committee members from around Libya on



ARTS / LEISURE

Hemingway — Before Editing

By Herbert Mitgang

New York Times Service
NEW YORK — Thirty dispatches written by Ernest Hemingway while reporting from the Loyalist side during the Spanish Civil War have been published for the first time exactly as he wrote them.

What makes these 800-word dispatches noteworthy is how Hemingway translated personal observation into literary journalism.

The 1937-38 wartime cables, written for the North American Newspaper Alliance, show Hemingway's reportorial skills and the terse cadences that have been emulated by generations of novelists, journalists and students.

"Many sides of Hemingway's newspaperman and writer come through in the dispatches," said Professor William Braach Watson, a historian at the Massachusetts Institute of Technology who is a Hemingway authority.

"Together, they make one thing clear. He was not, as some have asserted, a voyeur, a mere tourist of the Spanish Civil War, but a hard-working, risk-taking correspondent who tried and largely succeeded in becoming the professional reporter and witness that the violence and complexity of the war demanded."

The typewritten manuscripts — and, in some cases, handwritten field notes and early drafts — of the dispatches were in the Hemingway archive at the John F. Kennedy Library in Boston. The RCA cables that Hemingway sent from Spain to NANA, a now defunct news and feature service, were in the Humanities Research Library at the University of Texas.

The dispatches, as written before they were edited, appear in the latest issue of The Hemingway Review, a semiannual publication put out by the Hemingway Society, which has 450 members.

Hemingway's dispatches were written in so-called cables, a form of writing that economized on transmission costs by dropping punctuation and linking or omitting words. Editors back home deciphered the cables, inserting words and punctuation, and then rewrote it into a finished newspaper article.

The contrast between what was written, what was cabled and what was printed is illustrated by Dispatch 19. It was the first Hemingway wrote after returning to Spain on March 31, 1938, his third visit to the war during a time of crisis for the Loyalists and of suffering for refugees caught in the advance of Generalissimo Franco's rebel columns. The dispatch was written in early April after Hemingway had made a two-day trip to the front lines.

There are several different versions of Dispatch 19, an article — gate titled "BARCELONA, April 3, 1938" — about the flight of the refugees.

Handwritten field notes, saved by Hemingway, begin this way:

"pink of almond blossoms — grey dust green of the olives — planting plane trees along the road during the great battle — planes — the ditch — the olive trees — Reus — the bombing — clouds of smoke dust — brown dust"

Then, in a typewritten second draft — he changed or added 213 words from his first draft of a 778-word dispatch — Hemingway wrote in cables:

"It was a lovely false spring when we started for front morning stop last night incoming

barcelona tad been grey and foggy and dirty and sad but today was bright and warm and the pink of almond blossoms coloured the grey hills and brightened the dusty green rows of olive trees stop."

Taking what was already a slightly altered cable, the NANA editors translated it into standard journalistic language.

"It was a lovely false spring day when we started for the front this morning. Last night, coming to Barcelona, it had been grey, foggy, dirty and sad, but today it was bright and warm, and pink almond blossoms colored the grey hills and brightened the dusty green rows of olive trees."

The meaning of the two sentences remains unchanged, but Hemingway's rhythm in the second sentence is broken and the color impressions have been altered by an editor. The original Hemingway text preserves his intended rhythms and phrases, and sounds more like the novelist:

"It was a lovely false spring day when we started for the front this morning. Last night coming into Barcelona it had been grey and foggy and dirty and sad, but today it was bright and warm and the pink of almond blossoms colored the grey hills and brightened the dusty green rows of olive trees."

Two of Hemingway's original dispatches that are in the Kennedy Library were never distributed. "NANA's editors in New York told him to turn off the faucet," Watson said. "He was filing too often and they were trying to save money." Under his contract, Hemingway received \$500 for each cable — at least 10 times more than ordinary reporters for the news service — and \$1,000 for his longer mailed dispatches.



Ernest Hemingway as a war correspondent during the Spanish Civil War.

One of the unprinted articles was on the strategic situation in Spain. It was filed on May 9, 1938, from Paris.

In this dispatch, Hemingway compared the American Civil War and Spanish Civil War, noting that the volunteers in the Union Army had run away at Bull Run just as the Spanish militiamen did in their early battles.

But he said that, four years later, the same federal troops were "forged" by experience at Gettysburg and stood as "a granite wall" against the Confederates. (Hemingway erred here in his Civil War history: Gettysburg was two, not four, years after the first battle of Bull Run.)

service because its political tone was stronger than any of Hemingway's other dispatches. The article, dated Barcelona, concluded:

"Anyone who thinks the war is over in Spain is a fool or a coward. A great fighting people who are for the first time being led by generals who are of the people, who are not fools, nor traitors, will not be defeated that easily. But she must have plans and guns; and she must have them at once." The arms embargo was never lifted and the Spanish Republic fell on the eve of World War II. Hemingway later turned his experiences on the Loyalist side into the play "The Fifth Column" and the novel "For Whom the Bell Tolls," and he continued to sound the alarm against the dictatorships of Italy and Germany.

Theater of, by and for Actors: Much Ado Over a Renaissance

By Sheridan Morley

International Herald Tribune
LONDON — Not since Olivier was at the height of his National Theatre management 20 years ago has a troupe of actors been so spectacularly and successfully led from within as the Renaissance

THE LONDON STAGE

sance Company under Kenneth Branagh. Opening a new Phoenix Theatre season of three Shakespearean classics directed by actors (Judi Dench, Derek Jacobi and Geraldine McEwan), "Much Ado About Nothing" can be taken perhaps as a statement of the company's aims.

It is in the best sense both spare and sparse. Fifteen actors, working against a minimal setting on an evidently tight budget, seem under Dench to have reached no startling or original thoughts about the play, but are united in a determination to get back to the basic text and do it as sharply and clearly and simply and swiftly as possible.

So this is in no way a director's evening, though Dench has visibly passed on some of her own rare comic timing in Shakespearean plots to Samantha Bond, a wily and assured Beatrice up against the faintly seedy Benedick of Branagh himself.

This is a production that first opened on a studio stage in Birmingham, and might still look better on a smaller stage than that of the Phoenix. It is peopled by actors who seem relieved not to be constrained by anything too definite in the way of a set or a period or a philosophy. They are young and a little raw around the edges, but the verse-speaking is crystal clear, and there is a lyrical amiability about the staging that makes one realize for how many years Shakespearean comedies have been shrouded in the darkness that usually comes from a director trying to tell us something about them.

At the Greenwich from Toby Robertson's Theatre Clywd in Wales, there is a woodcutfully joy-

ous rediscovery. "Captain Carvallo" was, in a Laurence Olivier production in 1950, the play that first established Peter Finch on stage and made the name of its author, Denis Camman, who went on to become Peter Brook's writer on "U2" and "The Ill". Since then it would appear to have disappeared, only now to surface looking and sounding like Shaw's "Devil's Disciple" as rewritten by the young Peter Ustinov.

"Carvallo" is set in the middle of this century, in the middle of Europe, and at the end of a long war. Further precise details are unnecessary for a philosophic comedy about patriotism and love and the problems of blowing up people you quite like. But instead of the whimsical and fey debate that might have been expected, what Camman wrote was a sharp-edged satire on the sexual deceptions and moral compromises of warfare in which there are no winners or losers, no heroes or villains, but merely a lot of men trying to sort out extramarital affairs and daily survival amid the bombs.

It's an elegantly and wryly sardonic, languid and literary comedy of military manners quite superbly played by Neil Stacy (as a biology professor desperate to be seen doing the right thing), Oliver Parker (as the swashbuckling paragon), Angela Thorne (the romantic housewife) and Derek Smith (her idiotic husband).

DOONESBURY

If a play has lain unrevived for four centuries, there is usually a fairly good reason and with "Bussy d'Ambrose" the reason is that it is largely unplayable. Jonathan Miller's decision to revive "Bussy" borders on the perverse. A melodrama by George Chapman (of the "Homer translations") based on the life of a soldier at the court of Henry III of France around 1375, the play resolutely refuses to deal with the adventures of Bussy's picaresque life, dwelling instead and at some length on the one incident of court intrigue that led to his death.

David Threlfall in the title role

starts out intriguingly like an Iago with scruples, but then gets overcome by the absence of anything to do. Miller's production has a fatal kind of inertia, so that one is tempted to note after the line "death and destiny come behind d'Ambrose" that they come far too slowly. Indeed the final death scene goes on nearly as long as Miller's celebrated parody of a Shakespearean death in "Beyond the Fringe," and not even Sara Keestman's tortured countess can make one believe that this particular text should ever have been taken off the library shelf.



A plane burst into flames when three Italian jets collided in midair at the air show in West Germany.

West German Doctors Criticize Rescue Operation

Compiled by Our Staff From Dispatches
BONN — Doctors in West Germany said Tuesday that official rescue procedures had proved inadequate for the air show disaster in which 49 people died.

The crash occurred at a U.S. military air base, and a U.S. government official rejected the criticism. Three Italian Air Force planes collided Sunday, and one plunged in flames into a huge crowd at the U.S. air base in Ramstein.

Local officials said six people had died of burns since Monday, putting the toll at 49. More than 300 people were still hospitalized, and officials said some had little chance of surviving. Six Americans were among those killed.

There are always many ambulances at motor races or soccer games," he said, "and air shows are no less dangerous." More than 100 people have died at air shows in West Germany since 1982.

Officials said the victims with the worst injuries, most with second- or third-degree burns, were taken to 21 hospitals within an hour. American Army trucks and private cars were used along with helicopters and ambulances.

ETHNIC: Bonn Expects Flood of Germans From East

(Continued from Page 1)
cently appealed to his fellow citizens to help the ethnic Germans "even if it costs us dear." He said migrants would help redress West German demographic decline.

The most reliable documents are considered those issued during the Nazi era because of the then current obsession with racial purity. West German law defines an ethnic German as someone who "has committed himself to his German nationality in his country of origin subject to confirmation by criteria such as ancestry, language, education and cultural background."

With 16,000 migrants already lodged in refugee camps, guest houses and hotels, the fear in Vienna is that the problem is likely to place an increasingly intolerable burden on Austrian taxpayers.

KABUL: U.S. Says Soviets Breach Afghan Accord

(Continued from Page 1)
between the field commanders and the seven political parties based in Peshawar that make up the Afghan guerrilla alliance. The alliance has reluctantly acquiesced to the new U.S. initiative, the diplomat said.

Although leadership of the alliance is shared through a rotating chairmanship, the parties never have united fully. Until now, they have derived most of their influence from their positions as conduits for arms for the fighters across the border.

Strong opposition to Mr. Hekmatyar had developed in the United States, where it was feared that he would turn Afghanistan into an Islamic republic similar to Iran.

REFUGEES: In Eritrea, Hunger Is Also a Weapon

(Continued from Page 1)
350,000 to 500,000 have now fled, the overwhelming majority in the Asmara-Massawa-Keren triangle, a relatively densely populated area.

"The important thing is that this is the surplus-producing area," he said, "this is what people depended on to provide the margin of food. Now they will produce nothing."

The food supply also is threatened by a plague of locusts that is moving across northern Africa.



# MALAYSIA

## Malaysia Comes of Age With New Economic Goals

Twenty-five years ago the Union Jack was replaced by the Muslim Star and Crescent of the Malaysian flag, and the first words of the Malaysian national anthem, "My country, my native land," were sung in the then modest capital of Kuala Lumpur.

The independence of Malaysia after nearly two centuries of British rule wasn't an occasion of unalloyed optimism. While the first prime minister, Tengku Abdul Rahman Putra Al-Haj, was widely respected, there were problems to be dealt with. Singapore was a not totally willing partner in the federation; Indonesia was a potential enemy, greedy for Malaysia's tin and rubber re-

At independence, Malays made up the bulk of the civil service and agricultural sector, while Chinese and Indians monopolized a limited business community.

This soon changed, opening up a new future for the Malays, or *bumiputras* — a Sanskrit word meaning "son of the soil." In 1971, Prime Minister Mahathir Mohamad announced his New Economic Policy (NEP), to give this group a larger slice of the pie. The 20-year program was to "correct economic imbalances" by setting quotas on employing Malays, providing government economic and educational aid, and granting privileges and special equity funds which could only be owned by Malays.

### Malays own 80% of the banking and finance sector

sources; and internally, Malaysia's three ethnic groups were linked only geographically.

Singapore did in fact withdraw in 1965, and Indonesia temporarily mounted a militant "confrontation" which ended in 1966. There was also an eruption of racial tensions. Yet Malaysia has evolved into a relatively prosperous and stable state.

Today, Malaysia's 16.5 million citizens see a bright future. The coalition of the Barisan Nasional is in power, and natural resources are at a record high, with Malaysia leading the world in rubber, tin and palm oil. Even the unavoidable "politicization" of the economy and society has its benefits.

While Malaysian leaders sometimes adopt a "go it alone" posture, this stance does not preclude an honest pragmatism and a real determination to make Malaysia's place in the world.

Since Malaysia's independence, the position of its ethnic groups has changed. Just over half the population is Malay, about 36 percent is Chinese, and 8 percent Indian. The rest, mainly in Sabah and Sarawak, are indigenous and other groups.

While the target of achieving 30-percent Malay ownership has not yet been reached, *bumiputras* increased their share of corporate assets from 4.3 percent in 1971 to 17.8 percent in 1985. Today, they own 80 percent of the banking and finance sector, 50 or 80 percent of agriculture (depending on whether state plantations are included), 50 percent of tin mining and 30 percent of property and hotel ventures. Foreigners and non-Malays dominate manufacturing, trade and retailing.

Despite some complaints from non-Malays, Malaysia's economy did anything but collapse. Nonetheless in 1986 the prime minister instituted the Promotion of Investments Acts. These offered tax incentives, relaxed many of the NEP rules and enabled foreign firms to own 100 percent equity in Malaysian companies. As a result, despite the October 1987 crash and a roller-coaster ride for Malaysia's commodities, the country has maintained an even keel.



The Kuala Lumpur Station and UMBC building.

## Industrial Projects Double Under New Incentives

According to the go-getting Malaysian Industrial Development Authority (MIDA), there were no less than 255 applications for industrial projects, with a total proposed investment of M\$4.036 billion (U.S. \$1.60 billion), in the first four months of this year. Two of the projects, a petroleum refinery and an aluminum smelter, accounted for 50 percent of this figure, but it is still double the amount registered in the first quarter of 1987.

Why are so many international investors so anxious to get into the Malaysian market? Mainly because the new incentives introduced in October 1986 are far more liberal

Even the most skeptical investor would have to admit that Malaysian investment is beginning to get it right. The figures speak for themselves.

than those of most other countries in Asia.

Mr. J. Jegthesan, director of industrial promotion for MIDA, outlined them briefly:

- a) Foreign investors can hold equity of up to 100 percent if the company exports 80 percent or more of its production.
- b) Even companies exporting 50 percent or more of their production can have up to 100 percent foreign equity if their applications are re-

ceived before December 31, 1990, and if the products don't compete with those produced locally.

c) Companies employing 350 or more full-time Malaysian workers can also be 100-percent foreign-owned until December 31, 1990.

d) A company approved under these equity conditions, or other conditions allowing up to 79 percent equity, will not be required to restructure its equity at any time, even after 1990.

In addition, companies manufacturing promoted products are eligible for Pioneer Status, which provides a five-year exemption from income tax of 40 percent and development tax of 5 percent. Foreign companies are encouraged to bring in the necessary technical expertise, and certain key positions may be permanently filled by foreigners.

Tan Sri Zainal Sulong, chairman of MIDA, explains the reasons for this liberalization: "Industrial growth is absolutely necessary, and our record has been unchanged for the past 30 years. Our policy direc-

See MIDA Page 10



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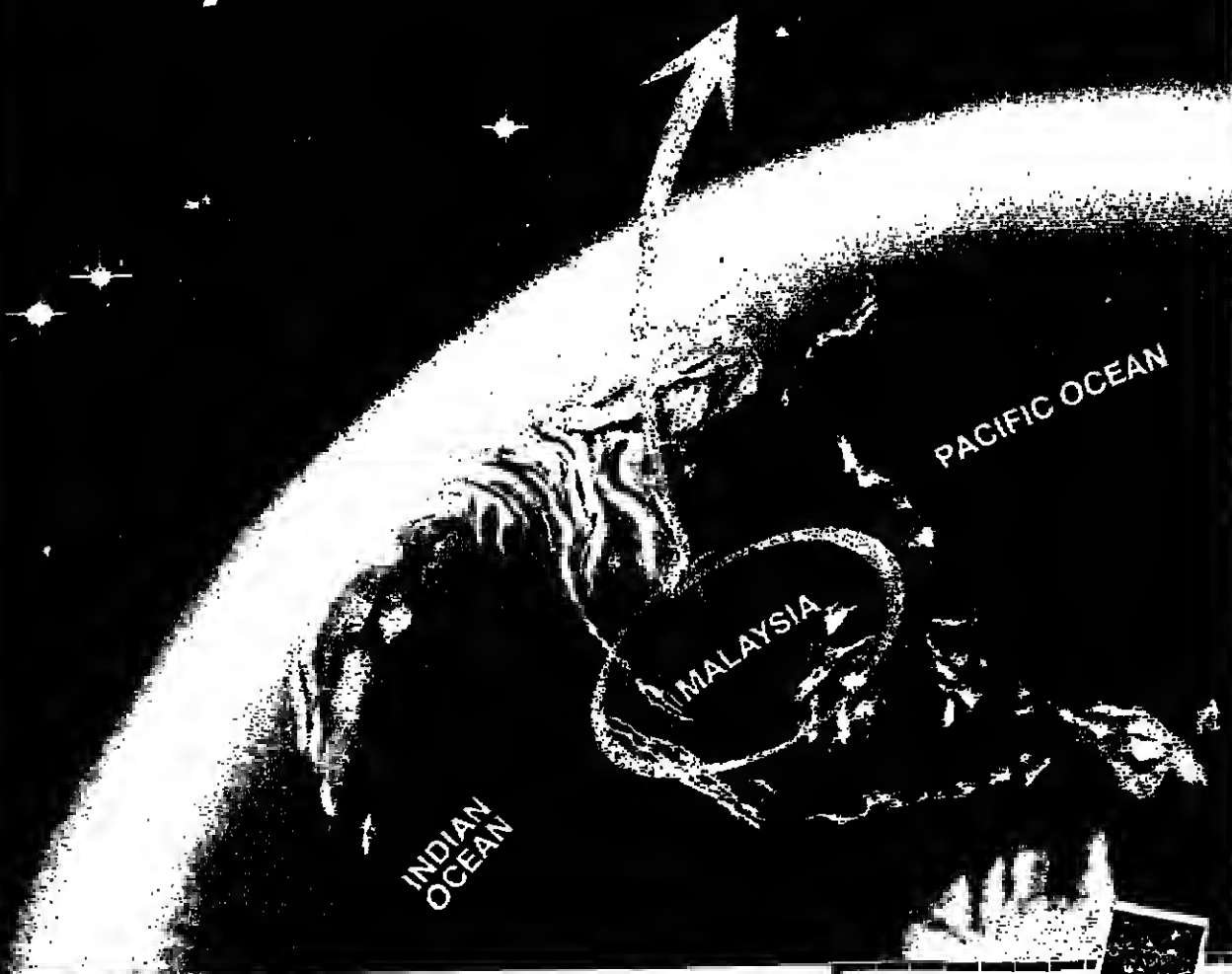
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ADVERTISING SECTION

# Serene Kuala Lumpur Offers Unusual Surprises

A morning drive in Kuala Lumpur is unlike a drive anywhere else in Asia. Instead of diesel fuel and honking horns, one encounters wide streets under a myriad of palm trees.

Within this century-old tin-and-rubber capital an adventurous traveler can discover a dozen places that evoke not only the 19th century, but also the ages before Kuala Lumpur's official history.

Take the jungle — right in the heart of the city. Barely two blocks from the luxury hotels is an old building, a few stone steps and Bukit Nanas: virgin lowland jungle. In 1906 it was still inhabited by

2,000 works of art in 38 galleries. Look carefully, for each "gallery" was once a bedroom, bathroom, sitting room or ballroom.

For something more international, a tiny jewel box of art is the Karyaneka Handicraft Center, near the Hilton Hotel. The bungalows (one for each state) display predictable handicrafts. But behind them are three fascinating exhibitions.

The Ethno-Botanical Garden is planted with a variety of trees and flowers. The Museum of Malaysian Crafts has excellent works by modern Malay artists. Then there is the Museum of International Crafts. Each embassy in the capital sends examples of its national crafts, and some are stunning. Cherokee river-cane baskets, a Czech shepherd's pipe, lovely Danish drinking glasses, a fine Wedgwood jar, a delicately sewn Bangladeshi tapestry: all are lovely pieces.

### Two blocks from the luxury hotels is virgin jungle

tigers. Later, a cable car shuttled to the top. Today visitors can follow a series of jungle paths.

Monkeys leap from tree to tree and kingfishers and other birds fly overhead. The foliage in the 27-acre preserve is lush and tropical. The world of Kuala Lumpur even when glimpsed through the trees seems so easy.

At the opposite end is Central Market, built 50 years ago in a pasted art deco style. In 1985 the rundown market was turned into a "Cultural Supermarket" with three different faces.

Weekdays, Central Market exhibits Malaysian kites, jade cutting, aboriginal art, dancing and ceremonies. Sundays, it turns into a sort of SoHo or Washington Square, with guitarists, painters, dancers and singers, including Chinese orchestras or miniature arts fairs from Thailand or Singapore. At night the exterior evokes a Parisian outdoor bistro as the city's trendy young and not-so-young folk sit out on the plaza for light meals, wine and beer.

The top floor of The Mall, near the Putra Convention Center, opposite the Pan Pacific Hotel, houses two-dozen craftsmen, some of astonishing ability. Their paintings sell at very reasonable rates.

Formal arts and crafts are displayed at a series of museums. Besides the National Museum and Art Museum, there are splendid ceramics at the Museum of Asian Arts. The old Majestic Hotel, near the railway station (itself a work of Moorish art), has a collection of

The most interesting modern architecture in Kuala Lumpur is a homage to Islam. Tabung Haji, headquarters for the Pilgrim Management and Fund Board Headquarters, is one of only four such structures in the world, with inward and outward curving walls.

Its symbolic "five pillars of Islam" are impossible to view simultaneously. Its single tower and podium symbolize the oneness of God, and its rather grand simplicity is based on Islamic architectural precepts.

The diversity of this city offers its own reward, with prime examples of old Malay, Dutch, Middle Eastern, Chinese, art deco European and futuristic architecture. Its most famous residences are the baronial mansions in Kenny Hills. At Jalan Apang is a 1920s Georgian mansion. The streets here show a nouveau but still attractive architecture.

Kuala Lumpur is also a city of flowers, and the Malaysian Orchid Nursery has over 100,000 magnificent potted orchids. More natural flora can be seen outside the city at the Forest Research Institute in Kepong. The 1,500 acres include experimental arboretums, a rattan plantation, a mammoth teak plantation and natural forests. The herbarium has nearly 200,000 specimens. The



The Kuala Lumpur skyline.

walks through the forest to the waterfall are delightful.

Finally, one should experience the Sheherezade nights of Kuala Lumpur. On Saturday, one begins at the "Sunday market" near the Odeon Theatre, going toward the Coliseum Hotel along Jalan Tunku Abdul Rahman. This is the "Pasar Malay," where everything Malay is sold, from religious literature to sweet cakes. Here are singers, dancers, bomoks (magician/healers), soothsayers, herbal doctors and young Malays dressed in their finest. A few blocks away at Central

Market is Jalan Melayu, packed with food stalls.

But the wonder of the Arabian Nights comes with the evening view of Jame Mosque. The building isn't terribly old (it was built in 1909 on the site of an old Muslim cemetery at the confluence of Kuala Lumpur's two major rivers), but seen at night, this low-lying Mogul Indian-style building has an almost medieval mood. One feels that with a little riverside landscaping, this could be one of Asia's loveliest nocturnal settings in a great undiscovered Asian city.

## The Federation of Malaysia

Area: 133,180 square miles (332,952 square kilometers).

Geography: 14 states lying close to the equator, latitudes 1 degree and 7 degrees north, and longitudes 98 degrees and 120 degrees east.

Government: A constitutional monarchy with the head of state elected every five years from the Conference of Rulers, which comprises the hereditary rulers of nine states. The Malaysian bicameral Parliament and state Government are under the Barisan National (National Front), comprising a coalition of 11 parties, representing the various ethnic groups of the country, under the leadership of Prime Minister Datuk Seri Dr. Mahathir bin Mohamad.

Language: Bahasa Malaysia is the national language, but English is widely used, and about half the population can speak and write English.

Population: 16.3 million (1987 estimate).

Foreign reserves: U.S. \$6.985 billion (1987 estimate).

G.N.P.: U.S. \$22.54 billion (1988 estimate).

# Banking Sector Readies For Increased Growth

As commodity prices rise and the stock market steadies, Malaysian banks are taking a new look at themselves and finding their image to their liking.

The profit picture is quite good. In 1985 and 1986 there were industry-wide losses of U.S. \$26 million and U.S. \$85 million respectively. But in 1987 the banks had a pre-tax profit of U.S. \$226 million.

Bank Negara (the Central Bank) attributes this to better internal management: keeping overhead and staff costs lower than before. More to the point was the Hongkong Bank spokesman who said:

### Experts say the economy could grow by 5 percent

"Finally, the Central Bank is keeping a much more prudent eye on whom money is loaned out to. Bad debts were a problem we all had to pay for, but that era seems to be coming to a close."

The problem with bad debts was systemic. Banks were loaning out money on the basis of collateral, in most cases land, and when property prices bottomed out, the collateral seemed fairly worthless.

Today, according to the Hongkong Bank spokesman, "We are taking things a step at a time. Bankers realize that property is too volatile for this kind of 'pawnshop' loan operation, so the Central Bank is keeping better surveillance on companies."

There are other factors involved, as the bankers themselves are quick to point out. Malaysia's foreign reserves are very high for a country of its size: U.S. \$6 billion at the end of 1986, the equivalent of nearly seven months' imports. The inflation rate is less than 2 percent and there is a high savings level.

While the Central Bank originally predicted a growth rate of about 1.2 percent this year, most economists feel that the economy could grow by up to 5 percent. Not only are commodities high, but margins are good. Companies have improved collections and tightened credits, improving cash flow.

The fly in the ointment is, as it has been for several years, government and Central Bank official restrictions. Certain rules are reasonable, but limiting. Foreign companies are not allowed to borrow 100 percent from foreign banks, but must split the loan with the Central Bank.

Large companies that have been in Malaysia for several years can put up with the system, which is now becoming more flexible. But the Malaysian Industrial Development Authority (MIDA) is after the middle-sized company, and these might find it constraining.

Another problem that looks worse on paper than it is in practice is that foreign banks are required by the Central Bank to extend a certain amount of loans to low-priority sectors, such as low-cost housing. The shortfall must be deposited in Central Bank at zero percent interest. Reportedly, some of the larger banks prefer to deposit virtually all this money in Bank Negara rather than take a chance on bad loans themselves. The result is a fairly large margin between interbank interest rates (about 4.5 percent) and loans (about 7.5 percent).

The prime minister acknowledged this problem, noting: "Raising interest rates on new borrowers means penalizing the innocent for the failure of others, including mistakes by banks themselves."

Red tape still exists. There was talk of decentralization from the Bank Negara, but this option has been quietly shelved while local banks put their own houses in order.

On the other hand, the basic economy of the country seems to be in excellent shape, with figures to prove it. Peninsular Malaysia's trade surplus continued to expand in the first quarter of 1988, rising by M\$273 million to M\$1,579 billion. Export earnings rose by 34.9 percent to M\$10,461 billion, while imports rose by 37.8 percent to M\$8,881 billion. Apart from tin, all Malaysia's major export commodities have been rising, and MIDA's promotions for manufacturing are going up.

One potential cloud on the horizon is the fall in the value of the ringgit. Prime Minister Mahathir Mohamad noted that this was not a serious problem, as the country's economic recovery was based on the competitive edge of its exports. As long as the value was low, he said, there would not be any imported inflation, and the country's balance of payments would be further encouraged.



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HMPB is a strong advocate of research and development. Its well-known research establishments, namely the Rubber Research Station, Banded Oil Palm Research Station, as well as the cocoa research units at Kemuning and Seremban, have contributed substantially to research and development not only to the Company but also to the plantation industry as a whole.

In line with the priorities of national development, HMPB is also aggressively pursuing downstream activities in the manufacturing and marketing of rubber, palm oil, cocoa and coconut products for the consumer market through subsidiaries and associate companies.

As part of a long term strategy to be the leader in the plantation industry, HMPB will concentrate its efforts to expand and consolidate its plantation activities to achieve the highest level of efficiency possible. Simultaneously, the Company will also continue to diversify its activities particularly in the field of agro-based and food-based businesses.

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ADVERTISING SECTION

# Rubber. Palm. Prices a Boom

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# Rubber, Palm Oil and Cocoa Prices a Boon for Country

While foreign businessmen groan about red tape or the "politicization" of business life, the rise in commodity prices has brought a mini-boom.

About 36 percent of the world's natural rubber comes from Malaysia, including 70 percent of world trade in latex concentrate. And with rubber at U.S. \$73 a pound, twice as much as three years ago, the plantations are thriving.

Palm oil has a similar success story. Today Malaysia produces the highest-quality, fastest-growing vegetable oil product in the world. It processes about 600,000 tons of palm oil per year, more than 50 percent of the world's output. Prices are high at U.S. \$23 a pound.

With over 50 million acres under forest, exports of timber and timber products represent nearly 12 percent of the country's economy. Malaysia has recently explored the possibility of joint ventures with the two leading furniture-makers, Taiwan and Italy, to help with its MS6.8 billion exports in 1986.

Tin prices are still recovering. The October 1985 collapse of the International Tin Agreement was catastrophic, causing prices to fall from MS29.50 to MS13.99 per kilogram. The current price of MS17.60, with potential to go higher (global tin stocks have been reduced) is very good, according to Ibrahim Menudin, president of the States of Malaya Chamber of Mines.

Large Malaysian plantation companies realize that their economy depends on these natural resources. Both the government and the private sector are working to improve cultivation and yields.

The Malaysian Rubber Research and Development Board (MRRDB) in downtown Kuala Lumpur is funded by a levy of MS3.85 on each kilogram of rubber exported. This has financed research on compounding, processing, properties and uses of natural rubber, as well as the development of new forms of rubber, consumption, and technological and end-use research.

"The new research can hardly keep up with the times," says Mr. C.J. Raghavan who oversees public relations. "We're looking at forms of latex for rubber gloves and condoms, which can only be made from pre-vulcanized rubber, as well as new uses for natural rubber that synthetic rubber cannot touch."

"We also work with the social problems of smallholders returning to the land now that commodities are up, as well as somewhat futuristic tools for tapping."

Working in tandem with MRRDB is the Science, Technology and Environment Ministry, which granted MS95 million for 389 research projects in June.

Founded in 1821, Kumpulan Guthrie Sdn. Berhad was one of the prime movers in rubber, and among the first companies to get into palm oil. It still concentrates on these two commodities, despite diversification.

Today the company has a 21 percent share of the world's latex market and is basically owned by PNB, one of the semi-national bumiputra



With rubber at U.S. \$73 a pound the plantations are thriving.

investment companies. Of the company's 276,000 acres, predominantly in Malaysia, 169,000 are planted in oil palm, and 83,000 in rubber.

Harrisons Malaysian Plantations Berhad (HMPB) is another company owned mainly through Malaysian investment companies. This has not stopped it from capitalizing on the market price of commodities. As the owner and manager of some 300,000 acres of plantation, it devotes 49 percent to palm oil, 40 percent to rubber and 11 percent to cocoa and coconut. Over 25,000 employees work the fields.

One project in particular exemplifies the company's management philosophy. This is a special arrangement between the government of Johore and HMPB to develop and manage their property. Dr. Radzuan Abdul Rahman explains what he considers to be a "new model" in plantation development.

"Johore had 6,000 acres of land which was supposed to be developed for the State Educational Foundation. Unfortunately, the Foundation lacked the necessary funding and management expertise. They approached us and finally, based on a projected return of about 10 percent, we agreed to develop the whole area and return around 40 percent of the land to

them. "We put up all the expenses for the oil palm estate establishment and took care of the infrastructure, so the proportion of the estate we return will be fully developed and revenue earning. In the meantime, we plan to plant cocoa and fruit and put up processing facilities later."

"State governments, generally are suspicious of working with companies as large as ours — but we know that large-scale estate development can make a big impact. As a big corporation, we see mutual benefits."

A third example of a huge plantation company is Sime Darby, which, according to Asiaweek Magazine, is "the only Southeast Asian company that can claim, with the kind of credibility that makes impressions in London, Tokyo or New York, to be a multinational." While its core business activities are Asian, it has links with plantations, manufacturing, heavy equipment, property development and insurance around the world.

In Malaysia itself, the company owns 212,500 acres of prime tropical land. Of this, 69 percent goes to palm oil, 20 percent to rubber and the remainder to cocoa and fruit.

Sime Darby has nonetheless been criticized as "the sleeping giant" of the country. Tunku Ahmad Yahaya, the Kelantan-born managing director and a man with an exceptionally clear vision of Malaysia's problems and promises, reluctantly agrees. "Perhaps sleeping giant, perhaps conservative. Let's just say that the type of business on which we're based, commodities, makes conservatism natural. Still, we feel we're a truly diversified conglomerate with a regional base."

Most of the diversification, like earth-moving equipment and logging tractors, is tied to commodities. But this, along with property and insurance, gave Sime Darby a profit

of U.S. \$70 million last year and a projected 50 percent increase for 1988, thanks to the price of commodities. Tunku Ahmad Yahaya sees the company diversifying even more over the year, perhaps harking back to the late 1970s, when even its competitors called it the most aggressive company in the country. But after the roller-coaster ride in Malaysian economics of the past

### Rubber represented 8.7% of total 1987 export earnings

few years, he is keeping these projects tucked away in his computer. This is not a company that takes chances.

Sime Darby does have plans for breaking away from commodity-based industry, but these are being kept under wraps. At the moment, it is expanding within its field of expertise. For example, its footwear company currently produces only rubber soles, but it is moving into full-scale shoe production.

Genting's, a resort company which has diversified from a non-agricultural base, is an unusual case. About three years ago the plantation division, managed by Asiatic Development Berhad, increased its holding to some 60,000 acres across Peninsular Malaysia and Sabah. As Malaysia's industrialization program proceeds, Asiatic is acquiring more land and moving further into downstream industrialization by manufacturing rubber-based products. Fast becoming the world's largest producer of specialist natural rubber products, Asiatic is also looking into the area of palm oil refined products. The company sees its lack of 19th century experience as an advantage, because it can experiment without the constraint of ingrained previous habits.

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ADVERTISING SECTION

# An Asian Destination In Search of an Image

Dato Abdul Aziz Abdul Rahman, director general of the Malaysia Airlines System, sits back in his office and ponders Malaysia's handle on Asia's tourist boom.

"I'm not sure what we can do," he says. "We know what Thailand can offer, and we can't provide that. We don't have the shopping facilities of Singapore or Hong Kong."

He throws up his hands and gives a little laugh. "Some people call us 'Magical Malaysia,' but frankly I think we can come up with something more appropriate than that."

MAS itself certainly tries hard enough. Along with Thai International, the airline is consistently rated among the best in Asia. Unable to obtain sufficient landing rights for Australia or Europe, MAS is pushing to increase its routes overseas, which are highly profitable.

Running at around 75 percent capacity, the group's 1987-88 turnover reached M\$1.576 million (U.S. \$0.62 million), up 13.7 percent from the previous year. Its domestic "jungle routes" are less profitable, but necessary. (The airline is 52 percent owned by the government.)

Malaysia certainly has the infrastructure to support enormous tourism. In even the most remote kam-

pong someone will speak English, while English speakers in the cities are everywhere (the educational system is bilingual). The road network is very good, thanks to many years of rubber profits. Some hotels in Kuala Lumpur are top-class (and, having overbuilt, they try even harder), while in the other cities they're more than adequate.

Tourism director General Encik Badri Haji Masri has wisely mentioned the natural wonders of Malaysia as a big drawing point, although exploiting them is another matter. "These places are interesting, but the kind of inbound tours we have are predominantly for urban tourists who don't find the jungle any fun. Tour operators always promote cultural affinity — Chinatown for example. But I think the wildlife of Malaysia could be most attractive to these long-distance travelers if it could be effectively packaged."

Another attraction is gambling. Genting Highlands Resort and Casino began in 1971 as a 6,000-ft-



Windsurfing in Penang (left) and taking a rickshaw ride in Malacca (right).

high hotel 330 miles from Kuala Lumpur. Today, Genting Highlands consists of 10,000 acres with 3,000 employees servicing 1.1 million visitors annually.

The centerpiece is of course the Casino (Muslims are not permitted here, a strictly enforced rule). The new 700-room hotel has enormous convention facilities (the 2,400 seat center is the largest of its kind in Asia), a theater and restaurants seating 1,200, with acts from Las Vegas and London. The suites and rooms are luxurious and complemented by children's amusements, shops, boutiques and a heated swimming pool. Outside are gorgeous walks, a golf course and other

sports facilities. As is the case with all successful resorts, the weekends are booked solid, but the weekdays are relatively dead. Consequently the company has built a 748 unit condominium, half of which has been sold at about US\$75,000 per unit.

Not all the profits have been put back into the hotel and resort. Recently, Genting International with its casino resorts in Australia and the Caribbean has split from its parent company. "With the vastness of our landbank we can develop an entire community living in the highlands and working in the capital city, Kuala Lumpur," says Dato Baharuddin Musa, director of de-

velopment. "Perhaps a medical center, education, a town center even. We're financially geared to achieve our mission."

Malaysia hopes to take off in the same way. The Tourist Development Corporation has a new budget of US\$40 million, but no sure plans how to use it.

What's best about Malaysia is the "lack of negatives" found elsewhere in Asia. There are no driving problems or language problems, there is an honest friendliness and charm, there are lovely and sometimes spectacular forests and plantations. The beaches in Penang, Pangkor and the east coast are splendid, and the cuisine is delicious.

But Malaysia's 1988 slogan, "Fascinating Malaysia," could be used for virtually any Southeast Asian country. One executive of the blue-ribbon tour operators Abercrombie and Kent in Hong Kong admits that Malaysia is a problem. "We can promote virtually everything in Asia," says Director Patrick Macleod, "but Malaysia simply doesn't have an image."

Yet tourism, as the seventh largest industry, is hardly a make-or-buy factor in Malaysia's economy. Perhaps, by taking it slowly, Malaysia is neatly avoiding an influx of tourists so the chosen few may better enjoy its singular attractions.

I'm not sure which fascinated me most ... the endless beach that seemed to stretch forever or his kite which seemed to fly forever.



It didn't matter, really. Here I was in this fascinating land thoroughly enjoying myself. A land where unspoiled beaches reached out into the distant horizon, and sweet breezes lulled me into tranquility.

It was a land of charming people with a gracious hospitality and gentle manner that really set me at ease. Where the traditions and heritage of centuries remained unruffled by time.

It was Malaysia. And it held for me all the awe and wonder of the East.



## MIDA

Continued from page 7  
tion is to bring in as much industrialization as possible. We have no choice."

While 20 years ago Malaysia did not have a single export-oriented manufacturer, by 1980, it had become the world's leading exporter of electronic semiconductors, the third largest exporter of room air conditioners, first in rubber gloves, and at the top in timber products and tin. But with other countries gaining in manufacturing, Malaysia needed more incentives for investors. Thus the new liberalization.

"The collapse of commodity prices," said the prime minister, "opened

### Toward resource-based industries

our eyes to the foolishness of depending on primary products alone."

The incentive program for investors continued with an attempt to privatize what had been losing government enterprises. Along with equity incentives came export credit refinancing, double deductions for export promotions and insurance premiums, and incentives for research, development and training.

By the end of 1987, the manufacturing sector was contributing 22.4 percent to the GDP and employing close to a million people.

Japan and Singapore contributed more than 50 percent of the investment, with the United States, the United Kingdom and other European countries providing the rest. Taiwan and Korea are also showing interest.

"What makes Malaysia so attractive," says Mr. Jegthesan, "is that we have an infrastructure and a personnel absolutely unique for this part of the world. More than half the population speaks English. We're a young population, with a labor force of about 6 million. And the surge to the urban areas means that they want to work, and work hard."

Peat Marwick/Desa Megat advises its clients that "Malaysia has over 30,000 kilometers (18,600 miles) of some of the finest roads in Asia. There are air links with all major towns in Malaysia, and MAS provides transport throughout the world."

Another advantage is Malaysia's federal system. Selangor State, adjacent to Kuala Lumpur, is making a special effort to industrialize the Klang Valley, offering attractive land prices, easy repayment schemes, and leasing and rental systems. The new capital of Shah Alam will have an industrial estate system, and a model-town concept unknown anywhere else.

The island state of Penang has been the leader in the electronics industry since the early 1970s, and consequently offers many

advantages. The international airport has direct service throughout Southeast Asia, along with international and domestic air cargo storage facilities. The port provides excellent facilities for handling and storage of cargo ranging from breakbulk, dry bulk and liquid bulk to containerized cargo, servicing more than 4,000 vessels annually.

It also has no less than four international schools. The Penang Development Corporation publishes a bimonthly newsletter giving information on all the facilities and new industries.

Johore is Malaysia's southernmost state, right across the causeway from Singapore. Consequently, many Singapore industrialists have set up labor-intensive industries there.

Known in the past for its agricultural produce, tropical forests, rubber factories and timber mills, Johore is today one of the most developed states. It has an airport capable of accommodating wide-bodied jets and its own port, as well as access to Singapore's port facilities.

With 64 percent of the population under 25, Johore has extensive manpower, and the state government has set up vocational training institutes, with a University of Technology in the pipeline.

The policy of industrialization is based on dispersing industries into new areas to maximize human and physical resources, and working with nine industrial estates comprising 3,835 acres in selected locations. Especially encouraged are resource-based industries, manufacture and assembly.

Malacca is hardly in this class yet, but offers special incentives: a 7 percent discount on all purchases of industrial land, special water rates, and all the incentives of the federal government.

For all its enthusiasm, MIDA must still put up with certain liabilities. The economic pattern is liberal, but new foreign investors wonder whether policies will change after 1990. MIDA says no.

A "one-stop" investment program, where licenses, immigration forms and export permits can all be obtained at the same time, is eagerly awaited. But red tape remains.

This must change if Malaysia is to reach 5-6 percent growth this year. Some 22 local and 16 foreign banks have money to loan, the states are making efforts to bring in industry to help with the 8 percent unemployment rate, and the MIDA offices are filled with potential investors.

As the prime minister said: "We are now gearing ourselves up for a big push into resource-based industrial development. We intend to be a world leader in the manufacture of semifinished and finished products."

# FASCINATING MALAYSIA

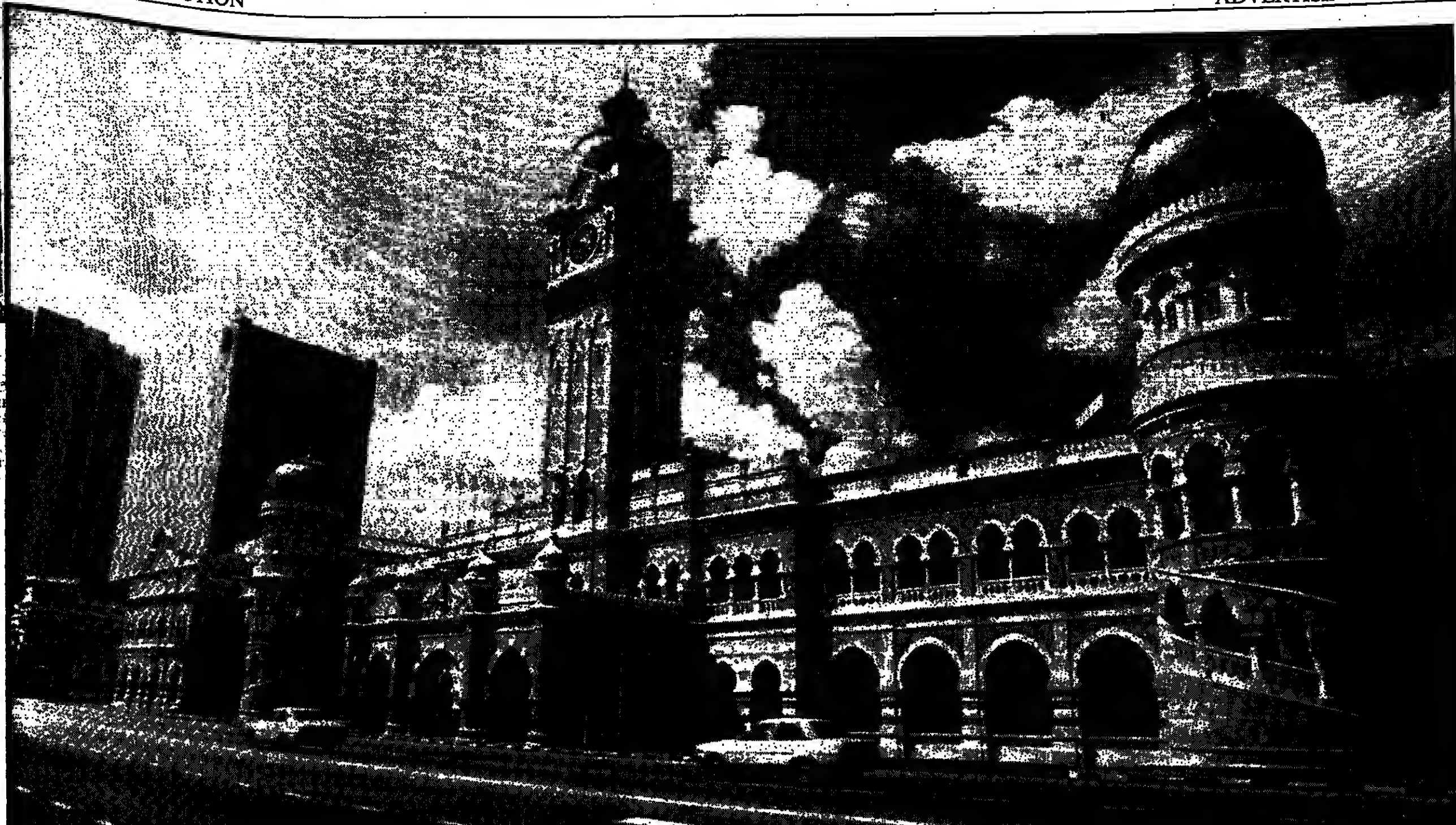
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The State Secretariat, Kuala Lumpur.

## Historical Relics of a Varied Colonial Past

Malaysia's natural wonders sometimes overshadow another important feature in the landscape: the pre-independence history of the country.

There is much to see of pre-British history in the city of Malacca. This charming town exhibits splendid Portuguese and Dutch buildings as well as one of the most truly exquisite "old Chinese" streets in the country.

The Portuguese legacy is evident in the gateway of Porta de Santiago, the greatest Portuguese 16th-century fortress, which fell to the Dutch

### Searching for these monuments is still half the fun

in 1641. (The British virtually destroyed it in 1807). The Church of St. Paul's stands atop Residency Hill overlooking the Straits of Malacca, though only the walls still stand. It was used by St. Francis Xavier on his trips to the province. Today, local Malaysian guitarists play old songs in the ruins.

The Dutch colonial era is represented by a Dutch square complete with clock tower and salmon-colored buildings. The Stadthuys, the oldest Dutch building in all of Asia, was built around 1641.

Indonesia is represented by the 150-year-old Tranquerah mosque, built by Sumatran nobles. The Nonya Chinese have their own streets near the river, chockablock with antique shops, the sumptuously full Nonya Museum (actually a mansion), and tiny temples wafting the aroma of incense everywhere.

To promote Malacca, the government erected a "Portuguese Square" three miles south of the city, in a village where Portuguese-Malay descendants are said to live. The children will sing Portuguese songs for a dollar or two, but the real charm lies in sitting in the square just by the sea and having an extraordinary seafood dinner as the fishermen bring in their angelfish, found in profusion around the area.

No official monuments to history exist in Penang, and most tourists come here for the beaches and the butterfly farm (the latter is the largest in the world). But two centuries ago, an English sea captain, named Francis Light, and his bride, the daughter of the Sultan of Kedah, came here to found what was to be, temporarily, a great colony.

Escaping the beach resorts, one can still see many a remnant of Captain Light. Most prominent is the fort, by the spot where he landed. Originally constructed of wood and used simply as an armory, it was later rebuilt in stone, when the East India Company thought Penang might be worth defending.

From the fort one can walk to the streets that Light himself laid out: Pitt Street (where he had his own residence) and Beach Street (now a quarter-mile from the beach.)

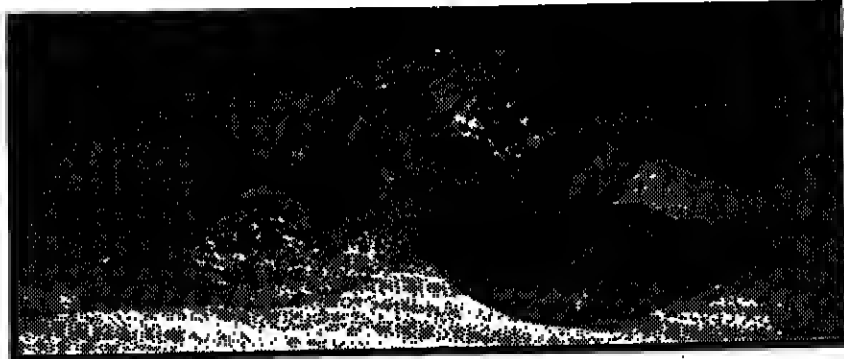
Few tourists get to Captain Light's most important monuments: his gravestone and his office. The grave is buried deep in a cemetery near the E&O Hotel (another monument of a sort). It lies in a remote area of the Protestant sec-

tion, noting only that Light was the "founder of Penang."

Just off Love Lane (near the museum) are buildings he designed. In the Convent of the Holy Infant Jesus, extending down to the sea, is a little well he built, used by the first 200 settlers.

Today the girls of the Convent School use one of his houses for domestic science, but one can picture Captain Light with his view of the sea, waiting for mailboats from Calcutta or Bombay, or watching with some consternation the deluge of new settlers from England, India, China and the mainland.

Other historical monuments are scattered throughout the country, from the hilltop Muslim fort of Terengganu to the Palace of Johore Bahru. But tourists must search for them which, in a way, is half the fun.



A leatherback turtle laying its eggs.

## For Nature Lovers, Rain Forests and Giant Turtles

Sarawak and Sabah offer a little-known alternative to the more highly developed west coast.

The newest attractions are in East Malaysia (not the east coast), in the states of Sarawak and Sabah. A decade ago, it was necessary (and let's face it, a lot more fun) to stay in longhouses along the way. Today, hotels are built in the chief cities, a fair road network extends along the

whole northern coast, and resorts are scattered at strategic points.

Kinabalu State Park has 800 types of orchids, while Tunka Abdul Rahman National Park in Sabah is a sea park with scuba diving among rare red and white corals. These two states are hardly tour-

istic money-makers yet. (Sabah is rich in timber, Sarawak in peppers and rubber). Nor are peninsular Malaysia's rain forests. But these tropical forests, never affected by the Ice Age and unchanged for 130 million years, could serve as tremendous tourist attractions in the future.

Many of them are designated as national parks because of their rich flora and fauna. Taman Negara has some 250 species of birds and corresponds to everyone's idea of real jungle. It comprises over 500 square miles in Pahang, Kelantan and Terengganu and is covered in thick green tropical rain forest with limestone outcroppings. Here are wild ox, sambar and barking deer, wild pig and tapir. Jungle trails have been marked out and are fairly easy to follow though some sections have never been explored.

Perhaps the most fascinating place in all the east coast is Rantau Abang. This is where the rare leatherback turtle comes to breed between May and September. The leatherback is the largest turtle in the world, and those who see it come out of the ocean never forget it. Reaching up to 10 feet in length and nearly three-quarters of a ton in weight, it roams the world for up to

150 years. The male never comes out of the water, but the mature female returns to the spot where she herself was hatched in order to lay her eggs.

There used to be up to 80 turtles a night here, but now even at the height of the season, not more than 30 can be seen on the beach.

This is mainly due to the most savage animal of all, *homo sapiens*. True, thanks to conservation techniques, fewer eggs are stolen, and more hatch. But the flocks of tourists make so much noise that the female turtles sometimes only go through the motions. They lay no eggs at all and swim back out to sea.

Today, Rantau Abang has cabins galore, comforts which are relatively primitive but certainly adequate. We may not all be poets like Melville or Darwin, who saw the leatherbacks as, respectively, "dateless, enduring" and "antediluvian animals. But summer in Malaysia still means a glimpse of the leatherback female, who is as dateless, as enduring and as exciting as history itself.

This Advertising Section was written by Geoff Greene.

## Antah Holdings: A Royal Opportunity

Tunku Imran broke all the rules. He was the first member of any of Malaysia's royal families to go from land wealth into big-time financing.

Antah Holdings was once described as "the royal family store," and the founder and managing director of this holding company, which turned over US\$67.2 million in business last year, could indeed one day be the king of Malaysia — just as his grandfather was.

Tunku Imran Tunku Jaafar modestly dismisses the possibility ("My brother is a far more likely choice," he laughs), though he's happy to talk about his distinguished ancestors.

He's happier, though, talking about Antah Holdings. This was probably the first *bumiputra*

never been broken. Tunku Imran himself went to King's School, Canterbury, and got his law degree at Nottingham University, intending to join the Foreign Service.

That would have been par for the course for royalty. Instead he worked for the national oil company and in 1977 persuaded his father that it would be good for *bumiputras* to open their own company, in partnership with Jardine Matheson Holdings.

In 1983, when Jardine's experienced cash-flow problems, Tunku Imran broke away, and today the public company is fully *bumi*-owned.

As a power in his own right, Tunku Imran sympathizes with the Chinese or European who has to "put up with Malay lack of experience." At the same time, he acknowledges that "90 percent of the successful *bumi* companies are government subsidized, thereby giving a special advantage. I know how others might feel, when a *bumi* employee gets promoted above a Chinese. But you have to admit, some *bumis* do extremely well. They will still need to be assisted for the next 10 years, but I would like to see non-*bumis* free to do what they want.

"Perhaps a compromise might be in order, with local Chinese companies free of all shackles and certain regulations given to foreign companies. But I think everyone has to realize that in the end, the *bumis* are a reality. You can't disregard them. There must be accountability on both sides."

Tunku Imran sees the greatest challenge in the eradication of poverty and managing the current migration to urban areas from the country. "We have to give more than lip service to foreign and local investment. I think this means unshackling the private sector and letting market forces take care of things. We still have to relax the rules about employment. Nobody believes that the NEP will come anywhere near its target by 1990, so we have to start looking at compromise procedures right now, before it's too late."

With his conservatism, background and success, Tunku Imran would seem a natural for politics. But that appears out of the question. "Frankly," he says, "I don't think political parties have solutions to real economic problems. I would rather use my personal influence than get involved with that kind of jungle."



Tunku Imran, Antah Holdings.

company to make it to the big time. Its holdings in the Arab-Malaysian Bank, in Pepsi-Cola Bottling in a US\$540 million joint venture rural water supply, leasing companies, insurance companies, security, technical products and real estate make it one of the giants of Malaysian finance. The company's activities are well-diversified and fall into five broad areas: marketing and distribution, technical products and services, financial services, general services and property development and manufacturing.

Tunku Imran was the first *bumiputra* to break the ranks of Chinese or Anglo-Saxon management. And through his sporting activities, he has become one of the most talked-about personalities in the country.

He is as personable as his reputation. His family came from Sumatra to the then feuding kingdom of Negri Sembilan in 1733 to accede to the throne, and their distinguished lineage has

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Company: \_\_\_\_\_  
Tel: \_\_\_\_\_

PERBADANAN KEMAJUAN NEGERI SELANGOR  
SELANGOR STATE DEVELOPMENT CORPORATION (PKNS)  
Persiaran Damai, Off Jalan Damai,  
46000 Putrajaya, Selangor, Malaysia.  
Tel: 03-7572955, 7575066. Telex: NADI MA 37279



Vol.	High	Low	Last	Chg.
TELEPH	4271	28 1/2	28 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4

NYSE 4 p.m. volume	183,200
NYSE 4 p.m. volume	1,340,000
NYSE 4 p.m. volume	1,340,000
NYSE 4 p.m. volume	1,340,000
NYSE 4 p.m. volume	1,340,000

High	Low	Close	Chg.
Composite	1088.8	1088.8	+1.1
Industrial	1088.8	1088.8	+1.1
Financial	1088.8	1088.8	+1.1
Utilities	1088.8	1088.8	+1.1
Transport	1088.8	1088.8	+1.1

**Tuesday's NYSE Closing**  
Via The Associated Press

Class	Prev.
Advanced	230
Declined	230
Unchanged	230
Total Issues	230

Close	Chg.	Week	Year
Composite	230	230	230
Industrial	230	230	230
Financial	230	230	230
Utilities	230	230	230
Transport	230	230	230

Vol.	High	Low	Last	Chg.
TELEPH	4271	28 1/2	28 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4
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AMER	3722	27 1/2	27 1/2	+ 1/4
AMER	3722	27 1/2	27 1/2	+ 1/4

Class	Chg.
Bonds	+0.8
Utilities	+0.8
Industrial	+0.8

Class	Prev.
Advanced	739
Declined	739
Unchanged	739
Total Issues	739

Buy	Sales	Chg.
Aug. 29	47,271	3,121
Aug. 28	43,265	2,126
Aug. 27	18,344	1,051
Aug. 26	21,212	1,273
Aug. 25	28,455	4,968

Index	Open	High	Low	Last	Chg.
Dow Jones	2621.79	2623.63	2621.25	2621.25	-1.44
Trans	181.36	182.72	181.20	181.20	-1.06
Util	74.23	74.11	73.87	73.87	-1.22
Comp	742.33	742.11	738.27	738.27	-4.06

High	Low	Close	Chg.
Industrial	230	230	+0.2
Utilities	230	230	+0.2
Financial	230	230	+0.2
Transport	230	230	+0.2
NYSE	230	230	+0.2

Class	Prev.
Advanced	91
Declined	91
Unchanged	91
Total Issues	91

High	Low	Close	Chg.
Composite	230	230	+0.2
Industrial	230	230	+0.2
Financial	230	230	+0.2
Utilities	230	230	+0.2
Transport	230	230	+0.2

12 Month	High	Low	Stock	Div. Yld.	PE	52	High	Low	Close	Chg.
27 1/2	14	AAR	36	1.5	18	780	28 1/2	28 1/2	28 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4

## NYSE Mixed in Light Trading

**NEW YORK** — Prices closed narrowly mixed Tuesday on the New York Stock Exchange in a repeat of the slow, directionless trading that has marked several recent sessions.

The Dow Jones industrial average, which rose 24.00 points on Monday, fell 3.20 to close at 2,621.25.

Advances, however, led declines by about a 7-6 margin. Volume rose to 108.72 million shares from 99.23 million traded on Monday.

"It's as bad as it looks," said Jon Groveman, head of equity trading at Ladenburg, Thalmann & Co. "There is not a lot of selling, but there are no buyers either. It's a real standoff."

"Trading remains nondescript," Mr. Groveman said. "And there is some question now whether this light volume is scaring people away."

Broad-market indexes posted small gains. The New York Stock Exchange index rose 0.11 to 148.66, while Standard & Poor's 500-stock index added 0.18 to close at 262.51. The price of an average share rose 3 cents.

In economic news Tuesday, the Commerce Department said the index of leading economic indicators — the government's main gauge of future economic activity — fell 0.8 percent in July, the sharpest drop in nine months.

While the data suggested economic growth is moderating, the size of the decline was in line with market expectations.

Analysts said the market was far more interested in the scheduled Friday release of the August unemployment report.

"The market has had a number of positive economic items in the past few days and is just not responding," said Ricky Harrington, chief technical analyst with Interstate Securities Corp. in Charlotte, North Carolina.

The economic numbers indicate that inflation is not heating up as rapidly as previously feared, but the important thing is how the market responds," Mr. Harrington said. "The market is saying there is something out there it doesn't like, whether it be a business slowdown or a real inflation problem."

Mr. Harrington said there was "a high probability" that the Dow could fall below 1,985, "a key support level," before Labor Day or shortly after.

Texas Utilities ex-dividend was the most active issue, up 1/4 to 23 1/4. Middle South Utilities followed, ahead 1/4 to 13 1/4.

Automatic Data Processing was third, down 2 1/2 to 35 1/2.

AT&T was down 1/4 to 25. IBM slipped 1/4 to 112 1/2.

Among other blue chips, General Electric was up 1/4 to 40 1/4, American Express was up 1/4 to 28 1/2, Boeing was down 1/4 to 59 1/4, Procter & Gamble was up 1/4 to 74 1/4, Eastman Kodak was up 1/4 to 43 1/4 and Merck was off 1/4 to 55 1/4.

Gould jumped 7/8 to 22 1/2, on news that the company agreed to be acquired by Nippon Mining of Tokyo for \$23.25 a share.

Prices closed mixed in slow trading of American Stock Exchange issues.

Domet Petroleum led the Amex actives, unchanged at 1 1/4.

12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg.

27 1/2 14 AAR 36 1.5 18 780 28 1/2 28 1/2 28 1/2 + 1/4

12 1/2 12 1/2 ACAC 110 12 1/2 12 1/2 110 12 1/2 12 1/2 12 1/2 + 1/4

12 1/2 12 1/2 ACAC 110 12 1/2 12 1/2 110 12 1/2 12 1/2 12 1/2 + 1/4

12 1/2 12 1/2 ACAC 110 12 1/2 12 1/2 110 12 1/2 12 1/2 12 1/2 + 1/4

12 1/2 12 1/2 ACAC 110 12 1/2 12 1/2 110 12 1/2 12 1/2 12 1/2 + 1/4

17 Month	High	Low	Stock	Div. Yld.	PE	52	High	Low	Close	Chg.
230	103 1/2	MOTR	44	3.29	121	1936	103 1/2	103 1/2	103 1/2	+ 1/4
15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4
15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4
15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4
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12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4

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12 1/2	12 1/2	ACAC	110	12 1/2	12 1/2	110	12 1/2	12 1/2	12 1/2	+ 1/4
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15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4
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15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4
15 1/2	15 1/2	MOTR	44	3.29	121	1936	15 1/2	15 1/2	15 1/2	+ 1/4

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MADISON AVENUE  
Sponsors Vol-Rush  
to High NHL's Great

**Currency Rates**

**Interest Rates**

**Gold**



**MADISON AVENUE**

**Sponsors Not Rushing To Sign NHL's Gretzky**

By BRUCE HOROVITZ  
*Los Angeles Times Service*

LOS ANGELES — Picture this for a television commercial: Don Rickles, the comedian famous for his biting one-liners, calls somebody a hockey puck. The camera pans, and that somebody is Wayne Gretzky, the hockey star. Experts said that if such an advertisement were to be made, most American TV viewers would likely be far more familiar with Mr. Rickles than with Mr. Gretzky.

"Who is the best-known product endorser in the U.S., who is also a hockey player?" posed Bud Stanner, senior vice president of International Management Corp., a Cleveland sports marketing company. "The answer is, nobody."

Perhaps that is why several companies that now have Mr. Gretzky under contract said they have no plans to suddenly run Mr. Gretzky into their advertising. That, despite the blockbuster trade this month that sent Mr. Gretzky to the Los Angeles Kings from the Stanley Cup champion Edmonton Oilers.

Still, Mr. Gretzky may eventually have his day in the endorsement sun.

The day after the trade, said Mr. Gretzky's long-time business adviser, Michael Barnett, the hockey player spent most of the day just saying no — and a few maybes — to corporate sponsors.

Mr. Barnett, president of CorpSport International Inc., a Canadian sports marketing company, said that five U.S. advertising agencies phoned with offers for Mr. Gretzky within 24 hours of the trade.

Although Mr. Barnett would not name the prospective clients — or their ad agencies — he did say that he promptly turned down a bank, an automaker and an exercise equipment manufacturer. And he said "maybe" to one food products company and a home appliance manufacturer.

But for at least several months, Mr. Gretzky will not take on any new sponsors, Mr. Barnett said. "The product endorsements are all secondary right now," Mr. Barnett said. "Once he's comfortable with his new situation, maybe then we can look at other things."

UNTIL the trade, Mr. Gretzky had not been a very marketable celebrity in the United States. He has not appeared in any U.S. ad campaign since American Express Co. used him in some print ads in 1986.

Meanwhile, he has been featured in Canadian ad campaigns for Nissan Motor Co., Gillette Co. and a General Mills Inc. cereal called Prostars. Mr. Barnett said that several of those campaigns may eventually cross the border into the United States. Mr. Gretzky is also under contract to Nike Inc. — a contract that is scheduled to expire next month.

But marketing executives at Nissan and Nike said that they had no big plans for Mr. Gretzky.

Three days after the Gretzky trade, Nike did run a full-page ad in the Los Angeles Times that said, "The Ice Man Cometh. Greetings, Gretzky." But that was a regional, one-shot deal.

Marketing experts, meanwhile, said Mr. Gretzky should ease slowly into the U.S. endorsement limelight. "He might want to first start out regionally, and see how it goes," said Mr. Stanner of International Management Corp.

"While Gretzky probably doesn't have the marketing potential of an Arnold Palmer, he could eventually be pulling in well over \$1 million a year in endorsements," Mr. Stanner said.

In the meantime, Mr. Barnett admitted, Mr. Gretzky faces a lot of competition for exposure in Los Angeles. "In a city of stars," Mr. Barnett said, "he's now just one of many."

**Gould Agrees to Takeover Nippon Mining To Pay \$1 Billion**

By BRUCE HOROVITZ  
*Los Angeles Times Service*

ROLLING MEADOWS, Ill. — Nippon Mining Co. of Tokyo has signed a definitive agreement to acquire Gould Inc. for \$23.25 a share, or \$1.1 billion, in cash.

A subsidiary of Nippon Mining will soon begin a tender offer for all the common shares of Gould, with which Nippon Mining has operated joint ventures in recent years. Gould had 45 million shares outstanding on July 31.

Gould stock, which was suspended at the end of the day, had risen \$7.125 to \$22.75 a share on the New York Stock Exchange.

Gould makes instruments for testing and measurement, and materials and components for the electronics industry.

The company has been shrinking for several years. In the past year alone, Gould sold its Ocean Systems defense unit to Westinghouse Electric Corp. for \$100 million, its industrial automation division to AEG AG of West Germany for \$290 million and its semiconductor division to California Micro Devices Corp. for about \$70 million.

In the fiscal year ending Dec. 31, 1987, Gould earned \$40.8 million from continuing operations, or 91 cents a share, on revenue of \$764.4 million.

But after a \$100 million charge on proceeds from the sale of its defense business that were lower than expected, and another \$15 million in charges from other discontinued operations, it had a net loss in 1987 of \$95.6 million.

The acquisition agreement with Nippon Mining includes an option, exercisable if there is a change in control of Gould, for Nippon Mining to acquire Gould's 50 percent interest in the two companies' joint venture, Nikko Gould Foil Co. for \$60 million, they said in a joint statement. Nikko Gould Foil is an electro-deposited copper foil operation that the two companies have run since 1981.

The boards of both companies have approved the acquisition agreement. Gould said its investment adviser, First Boston Corp., has rendered a fairness opinion on the transaction.

The companies also recently entered a joint venture in computers.

**Carnival Line: Full Steam Ahead**



Carnival Cruise's 39-year-old chief executive, Micky Arison

**Cruise Company, Afloat in Money, Expanding Again**

By Leslie Wayne  
*New York Times Service*

MIAMI — It's a steamy August day and hundreds of tourists swarm into the embarkation terminal at the port here. At least six gleaming white cruise ships are lined up, bow to stern, ready to leave.

But the activity is most intense around one ship: Carnival Cruise Line Inc.'s Jubilee, a sleek vessel draped with a banner proclaiming, "Carnival's Got the Fun!"

The passengers come from various U.S. cities, having signed on for seven days of dining, drinking and dancing. A floating vacation.

Carnival is the cruise line to the masses: the biggest, most profitable and fastest-growing line plying the Caribbean. With a lot of shrewd marketing and a bit of luck, it has shaken up the once-staid cruise ship industry and helped rewrite the rules for becoming successful at sea.

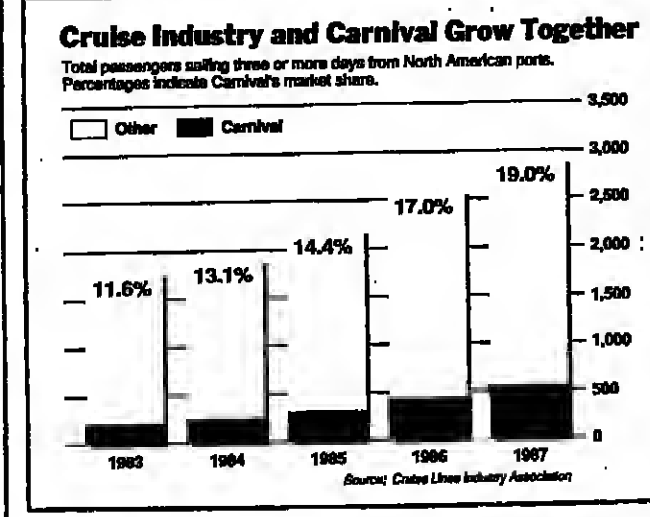
Its success also has turned its founder — Ted Arison, 64, an Israeli immigrant with a penchant for boom-and-bust ventures — and his three children into one of America's richest families, with \$1.5 billion worth of Carnival shares.

But the real question now facing the Arisons, who live modestly in Miami, is how successful they, and Carnival Cruise, will be in maintaining, and increasing that wealth.

Last year, Carnival Cruise went public in an equity offering that raised nearly \$400 million even as the family kept 80 percent control. Now Carnival is pumping money into a number of new ventures that will determine the company's fate for decades to come.

"We've now got the ability to do so much because of the new capital," said Micky Arison, 39, the chief executive of Carnival Cruise. "We've been cautious so far, and there's no reason that should change. But we're interested in getting out there and doing things. Anything could happen."

Carnival made its mark by unabashedly promoting cruising. See CARNIVAL, Page 15



**July Indicators Of U.S. Growth Show Weakness**

Compiled by Our Staff From Dispatches  
*Washington Post*

WASHINGTON — Higher unemployment and lower stock prices helped send the U.S. index of leading economic indicators down 0.8 percent in July, the sharpest drop since November, the government said Tuesday.

Economists said the drop in the Commerce Department's index may be a signal of a pause in what has been booming economic growth this year. But they cautioned against reading too much into the statistics for a single month.

The July decline was the biggest since the index lost 1.0 percent in November, following the October stock market collapse.

Analysts had looked for a July decline of about 0.5 percent after an unusually strong 1.4 percent advance in June and a revised 0.7 percent decline in May.

In another report that indicated slowing economic activity, the Commerce Department said orders received by U.S. factories fell 3.5 percent in July.

The drop, which was expected, was the steepest decrease in 18 months and was caused by a sharp decline in orders for military goods. Orders fell \$7.9 billion to \$220.2 billion, dragged down by a 46.6 percent decline in military orders, which fell to \$7.4 billion. Excluding defense, factories orders were down 0.7 percent.

In June, orders rose a revised 5.4 percent, the largest monthly increase in 17 years, and analysts had anticipated a drop from that level. The June rise originally was reported as 5.5 percent.

In the leading indicators report, seven of the 11 factors in the index took away from economic performance in July. These included rising unemployment claims, slowing applications for building permits and a reduced number of orders for both consumer and capital goods, the department said.

Also subtracting from economic performance were low stock prices and money supply as well as vendors getting deliveries faster from suppliers, a signal the suppliers' businesses are not strong.

Only one of the nine indicators available for the July report, higher prices for raw materials, made a positive contribution to the index. The average work week was unchanged from June to July.

"Most of this is a rebound from the unusually strong June," said David Wess, chief economist for Data Resources Inc. of Lexington, Massachusetts.

Mr. Wess noted the June report was pushed off by unusually brisk orders for aircraft and business investment equipment.

"If we average out the two months, we're probably showing continued decent growth, but I still think there's some slowdown occurring from the rapid growth of the first half," Mr. Wess said.

The bureau's index of coincident indicators, designed to measure the economy's present performance, increased 0.6 percent in July, while the index of lagging indicators, which is meant to confirm previous reports, increased 1 percent in July. The reports followed a series of See ECONOMY, Page 17

**Currency Rates**

Currency	Per \$	Per 100	Currency	Per \$	Per 100
Australian	1.156	115.6	Swiss franc	1.422	142.2
Canadian	0.718	71.8	West German	1.775	177.5
Danish	6.46	646	Japanese yen	163.5	16,350
French	6.55	655	Italian	1,936	193,600
German	1.775	177.5	Netherlands	2.203	220.3
Italian	1,936	193,600	New Zealand	1.522	152.2
Japanese	163.5	16,350	Portugal	200	20,000
Netherlands	2,203	220,300	Spain	166.37	16,637
New Zealand	1.522	152.2	Sweden	4.66	466
Portugal	200	20,000	Switzerland	1.422	142.2
Spain	166.37	16,637	UK	1.536	153.6
Sweden	4.66	466	West Germany	1.775	177.5
Switzerland	1.422	142.2	Yen	163.5	16,350
UK	1.536	153.6			
West Germany	1.775	177.5			
Yen	163.5	16,350			

*Currencies in London, Tokyo and Zurich. Rates in other centers. New York closing rates. Gold and silver in U.S. dollars. Units of 100 N.Y. units unless otherwise noted. N.A.: not available.*

**Dublin Plans Probe of Bid For Distiller**

By BRUCE HOROVITZ  
*Los Angeles Times Service*

DUBLIN — The Irish government said Tuesday it would investigate a hostile 253 million pound (\$363.8 million) bid by Grand Metropolitan PLC for Irish Distillers Group PLC.

Albert Reynolds, the minister of trade and industry, said the Fair Trade Commission will probe the bid by Grand Metropolitan, a British hotel and drinks company, because a takeover would threaten the integrity of Ireland's whiskey industry and might be contrary to the national interest.

Irish Distillers, the maker of Jameson and Bushmills, dominates the Irish whiskey market. It has rejected the 400 Irish punt bid by G&C Brands Ltd., a subsidiary of Grand Metropolitan.

An earlier 200 million punt bid by G&C, which then was also owned by the British food concern Allied Lyons PLC and the Anglo-Irish Guinness PLC brewing company, was blocked by the European Commission on the grounds that forming a consortium to make a takeover bid violated competition rules in the European Community.

The original consortium was then dissolved, and Grand Met bought out its two partners.

In London, a spokesman for Grand Metropolitan said Tuesday that the decision to refer the bid for Irish Distillers to the Fair Trade Commission was "expected." The spokesman said Grand Metropolitan would adopt a "wait and see" strategy prior to the commission's decision.

Earlier Tuesday, Grand Metropolitan's broker, Cazenove & Co., announced that the company had lifted its stake in Irish Distillers to 6.05 percent from 5.06 percent.

Also last week, Pernod-Ricard SA, the big French beverages company, said it held an unspecified stake in Irish Distillers, which fueled market speculation that it might make a friendly bid. Under British disclosure regulations, which apply because Irish Distillers stock is traded in London as well as Dublin, a holding of 5 percent or more in a company must be made public.

Pernod said it has talked with Irish Distillers and hopes to make an announcement this week.

In London trading on Tuesday, stock in Grand Metropolitan fell 7 British pence to close at 493 pence (\$8.28), while Irish Distillers rose 3 pence to 346 pence. The latest Grand Met bid is worth about 342 British pence. (Readers, AFP)



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HONG KONG - SINGAPORE - TOKYO - NAGASAKI - CAYMAN ISLANDS - BUENOS AIRES - SANTIAGO - MONTVIDEO - CARACAS - MEXICO CITY - PUNTA DEL ESTE - RIO DE JANEIRO - SAO PAULO

**Interest Rates**

Instrument	Rate	Instrument	Rate
1-month	8 1/8%	3-month Treasury bill	7 3/8%
2-month	8 1/4%	6-month Treasury bill	7 3/8%
3-month	8 1/4%	1-year Treasury bill	7 3/8%
4-month	8 1/4%	2-year Treasury bill	8 1/4%
5-month	8 1/4%	3-year Treasury bill	8 1/4%
6-month	8 1/4%	4-year Treasury bill	8 1/4%
7-month	8 1/4%	5-year Treasury bill	8 1/4%
8-month	8 1/4%	10-year Treasury note	8 1/4%
9-month	8 1/4%	30-year Treasury note	8 1/4%
10-month	8 1/4%		
11-month	8 1/4%		
12-month	8 1/4%		

**Gold**

Instrument	Price
1000 oz. contract	428.00
100 oz. contract	428.00
10 oz. contract	428.00
1 oz. contract	428.00



Floating-Rate Notes

Table of floating-rate notes with columns for currency, issuer, and rate. Includes sections for Dollars, Deutsche Marks, Pounds Sterling, Japanese Yen, and ECU.

Table of international stock market closing prices for various countries including the UK, Germany, France, and Japan.

Tuesday's NYSE Closing

Table of NYSE closing prices for various stocks, including Dow Jones Industrial Average and individual company shares.

Table of international stock market closing prices for various countries including the UK, Germany, France, and Japan.

Advertisement for International Herald Tribune, highlighting its availability in New York and other major cities.

Advertisement for Fidelity Discovery Fund, a Luxembourg-based investment fund.

Advertisement for SAFIRE, a magazine focusing on the defense of the English language.

Large advertisement for the International Herald Tribune offering a 40% discount on 12-month subscriptions.

Subscription form for the International Herald Tribune, including fields for name, address, and payment method.

Table of NYSE High-Lows, showing the daily price range for various stocks.

Article titled 'U.S. Panel Focuses On Suspect Trades Via Switzerland' by Kurt Eichenwald, discussing a congressional investigation into currency trading.

Article titled 'Eastern Ordered to Negotiate Layoffs' by [Author], reporting on a federal judge's ruling regarding Eastern Airlines' restructuring.

Continuation of the article 'Eastern Ordered to Negotiate Layoffs', detailing the airline's financial struggles and union negotiations.

Vertical sidebar of advertisements for various services, including 'Business Roundup', 'Hoechst Posts 1st Group Sales for', and 'REGENCY'.



BUSINESS ROUNDUP

Volvo Profit Off Less Than Thought

GOTENBURG, Sweden — Volvo AB, helped by a second-quarter recovery, reported Tuesday that net profit for the first half of 1988 had dropped 11 percent, less than most analysts predicted.

Hoesch Posts 14% Increase In Group Sales for First Half

DORTMUND, West Germany — Hoesch AG, the steel and engineering company, said group sales in the first half rose 14 percent to 4.04 billion Deutsche marks (\$2.16 billion).

Pretax Profit Advances 32% At Matsushita

TOKYO — Matsushita Electric Industrial Co., the world's biggest consumer electronics company, said Tuesday that strong sales in Japan helped it record a 31.5 percent increase in group pretax profit in the April-June quarter.

Claes Vikhild, of the London brokerage Warburg Securities, said, "It's a very good report. Trucks did even better than most expected, compensating for the expected weaker performance of the car division."

Volvo has been diversifying away from cars to avoid the cyclical swings to which the auto industry is prone. Analysts pointed out that cars accounted for 87 percent of Volvo's earnings in 1983, compared with 60 percent last year.

Norsk Hydro Expects to Post Record Earnings This Year

OSLO — Norsk Hydro A/S, Norway's biggest diversified corporation, has reduced its dependence on oil and expects 1988 to be its strongest year yet.

The company's directors gave Mr. Weisman a vote of confidence on Thursday. But after a protest by the four shareholders, the directors reversed themselves, prompting Mr. Weisman's decision to resign.

American Medical's Ousted Chief Failed to Satisfy Holders

By Andrea Adelson New York Times Service LOS ANGELES — Four major shareholders in American Medical International Inc. apparently have succeeded in ousting its chairman and chief executive, Walter L. Weisman.

efficiency at its 16 aluminum extrusion plants in Europe, while small, unprofitable fertilizer plants in France are closed.

Mr. Aakvaag also said the company's petrochemical operations are doing well and there would be some expansion in that area, but he declined to elaborate.

He said the company expects that its planned two-for-one stock split, announced last week, "will be seen as a positive move."

The company is aiming to keep its share price between 100 and 200 kroner; it closed at 205 kroner on the Oslo Stock Exchange on Tuesday, down 2 kroner for the day.

CARNIVAL: Top Cruise Company, Afloat in Money, Expanding Again

(Continued from first finance page) for the common man with low-price air-and-sea packages, lots of shipboard activities and heavy national television advertising.

Carnival is in the midst of a \$600 million shipbuilding program to add three new liners at the rate of a ship a year starting this November. Last week, it announced that it was paying \$260 million in cash for a 36 percent position in the holding company that owns Admiral Cruises and Royal Caribbean Cruise Line.

Carnival has made it clear it would like an even bigger stake in these lines so it can become a bigger force in two other segments of the cruise market, one lower priced and one higher than its own niche.

And it is planning "Project Tiffany," three luxury liners carrying about 700 passengers each, to be marketed under a different name.

"By next year we want to have three brand names and a fourth in the future," said Micky Arison.

It's not dissimilar from the GM concept.

Not all its new ventures, however, are sea-bound. Carnival is spending \$135 million, in cash, to build the largest resort in the Caribbean, an \$76-million hotel-and-casino complex to be called the Crystal Palace Resort, on Cable Beach in Nassau, the Bahamas. The first part of the hotel is to open in December.

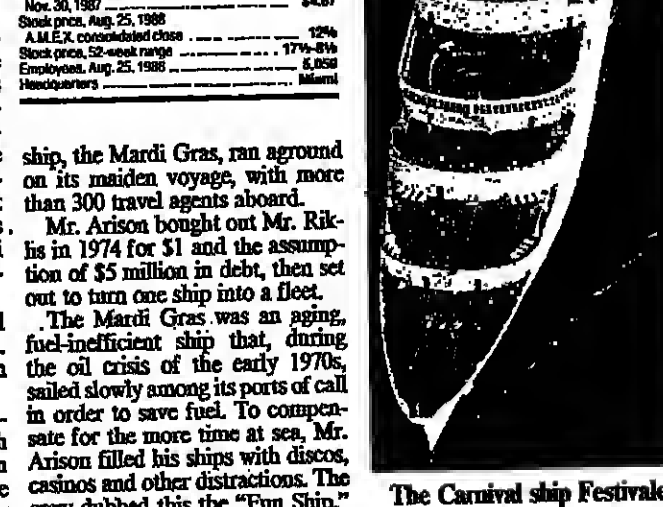
If the hotel proves a success, the company plans other Caribbean "mega-resorts," it's considering "Fun Air," a charter line to fly passengers to its Miami-based ships.

"The real question now is whether they can maintain their degree of success," said Harvey Katz, an analyst at Salomon Brothers. "It will be a difficult benchmark to keep."

Last year, the company earned \$152 million on revenue of \$564 million. It has only a modest amount of debt on its balance sheet and, at the end of June, had \$333 million cash on hand.

Because the company is registered in Panama, it pays no corporate income taxes. This means that nearly every dollar earned goes directly to the bottom line.

Table with 2 columns: Item, Value. Includes Carnival Cruise Lines financial data for 1988 and 1987.



The Carnival ship Festiva

years, Carnival Steamship Co. PLC has bought Sea Goddess Lines and Norwegian American Cruises, and Norwegian Caribbean Line has bought Royal Viking Line.

Carnival's recent purchase of the stake in Admiral Royal Caribbean Venture has been praised by analysts as a way for the company to take on more passengers without having to build new ships.

"At 36 percent, Carnival will have a large enough stake to influence operations of these companies and achieve synergies," said Caroline Schuyler with Shearson Lehman Hutton Inc. "They've gained influence on another 8,500 beds."

One point in Carnival's favor, its executives like to say, is that only 5 percent of North American vacationers have ever been on a cruise.

But an open question is how Carnival will fare as a hotel and casino operator. It has operated casinos on its ships and earlier ran a small casino on Cable Beach in Nassau.

And cruise ships are considered floating hotels. But it has never tried anything of this scale before, and certainly not on land.

Still, the Arisons remain sanguine.

"Our best-case scenario for the Crystal Palace is that it becomes more profitable than the casino on Nassau's Paradise Island," said Micky Arison. "And if we can't make a go of it, there are plenty of buyers for it."

ADVERTISEMENT INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) August 30, 1988

Large table listing various international funds with columns for fund name, currency, and price. Includes funds like American Medical, Norsk Hydro, and various international equity and bond funds.

INTERNATIONAL CLASSIFIED ESCORTS & GUIDES. (Continued from Back Page) Includes sections for Geneva, Zurich, London, and other cities, listing various travel services and agencies.







CURRENCY MARKETS

Dollar Lower Except Against Yen

Compiled by Our Staff From Dispatches NEW YORK — The dollar fell against most major currencies on Tuesday, but it rose against the yen because of a report that the Japanese Finance Ministry intends to impose a 26 percent tax on stock transactions.

Analysts said the yen weakened against the dollar after heavy trading of West German marks against the Japanese currency. It had been known that Japan was considering a stringent tax on stock profits, but the unconfirmed report of a 26 percent levy was used as an excuse to sell yen.

The dollar rose to 134.85 yen from 134.55 on Monday. "There was further speculation that it could go higher," said Terri Reid, an investment officer at Harris Bank in Chicago.

Analysts said the next critical level for the dollar is 136 yen, although some traders have indicated their belief that the dollar could top the 138 level.

The bullishness over the dollar is far from over, said Françoise Scaevan, a vice president in the treasury division of Credit Suisse.

But the U.S. currency fell in light trading against other currencies. It ended at 1.8688 Deutsche marks, down from 1.8725, at 1.5775 Swiss francs, down from 1.5790, and 6.3535 French francs, down from 6.3535.

Dealers were unable to discern a clear trend because of the large number of participants away on summer vacations. Also, a lack of major market-moving news has emerged to sway trading.

"Trying to pin it on any fundamental factor is really misleading,"

London Dollar Rates

Table with columns: Currency, Rate, % Change. Includes Sterling, Swiss Franc, French Franc, etc.

Leslie Puth of Banque Indosuez said.

Some dealers attributed the dollar's easier tone to the string of economic data released this week, including home sales, leading indicators and factory orders. All three showed declines in July.

Despite the minor influence each of the reports has had on prices, "taken together they all contribute to evidence that the economy is at least taking a pause," said Marc Chandler, a currency analyst at Dean Witter Reynolds.

Earlier trading in London was light and inconclusive as trading resumed after a three-day weekend. "The market was extremely quiet today as operators here were not eager to do business after the long holiday weekend," one dealer said.

The dollar closed at 1.8688 Deut-

sch marks, ahead of Friday's London close of 1.8585 DM. The dollar ended at 134.45 Japanese yen, up from Friday's finish in London of 133.85.

The British pound closed at \$1.6900, down from \$1.6905 at the London close on Friday. The pound recouped some of last week's losses against the mark on short covering. It finished at 3.1578 DM against 3.1418 DM at the previous finish.

"At a period of the stagnation for the dollar, sterling attracted operators as a high-yield currency," a dealer said Tuesday.

Dealers were reluctant to push the dollar up above 1.8700 DM due to the likelihood of central bank intervention above 1.8750. "We do not know whether the Bundesbank actually steps in around this level, but we are wary about renewed intervention after the Bundesbank president's comments," a dealer said.

The dollar is likely to move narrowly until Friday when U.S. employment figures for August are expected to provide short-term direction, one dealer said.

(Reuters, UPI)

New Zealand Concerned on Currency Fall

WELLINGTON, New Zealand — Finance Minister Roger Douglas said the New Zealand dollar was being watched closely after its recent slide.

"There was a feeling that if interest rates came off" elsewhere in the world, "the exchange rate may well come on — but it is certainly something that one would need to watch quite closely," Mr. Douglas said on radio Tuesday.

Dealers said based in part on falling domestic interest rates the New Zealand dollar traded as low as 59.43 U.S. cents Tuesday. It is down from its June 20 record high of 72.75 cents.

But Mr. Douglas added that with "an inflation rate that is likely to remain quite low in New Zealand, you still have very high real interest rates, and I think there will be a lot of investors who will take advantage of that as well."

(Reuters, UPI)

Company Links Bond Return to Natural Gas

NEW YORK — Forest Oil Corp. said Tuesday it is planning to issue bonds this week with interest payments linked to natural gas prices.

Underwriters said the \$7.5 million issue would be the first based on natural gas. It would follow securities linked to crude oil, silver and stock and bond indexes.

"The offering gives investors an opportunity to speculate that natural gas prices will rise during the next several years," said Kenneth Peak, Forest's vice president of finance.

Mr. Peak said Forest Oil would use proceeds from the offering to develop natural gas properties. "We have had a tremendous amount of success in exploration. The bulk of our reserves, about 85 percent to 90 percent, are natural gas," he said.

Underwriters said investors are interested in the senior subordinated debentures, which are due in 2000. The issue is to be offered through Drexel Burnham Lambert Inc.

The issue has been given below-investment grade ratings by credit agencies. Moody's Investors Service Inc. has rated the debt B2, while Standard & Poor's Corp. has assigned it a CCC-plus grading.

Mr. Peak said he expected the issue to carry a 10.5 percent coupon, compared with 13.5 percent to 14 percent the company would have had to pay to borrow without the natural gas element. The debentures are to pay interest semiannually.

If natural gas prices rise above \$1.76 per million Btu, thermal units, investors would receive larger interest payments. The current price is about \$1.50 per million Btu. A Btu is the amount of heat required to increase the temperature of a pound (0.45 kilogram) of water one degree Fahrenheit (0.56 degree centigrade).

In determining the yield, Forest will take an average of the 17 spot natural gas prices published monthly by Natural Gas Clearinghouse, a unit of Morgan Stanley & Co. It will then compute an average

for the six-month period. Every cent above \$1.76 per million Btu will translate into a rise of 4 basis points. A gain of 25 cents in the average price of gas would result in an increase of one percentage point of yield, Mr. Peak said.

Mr. Peak said he expected the debentures to yield between the floor rate of 10.5 percent and a ceiling of about 20 percent.

Mr. Peak said he expected natural gas prices to rise. "There is a feeling that prices have seen their lows," he said.

Paul Milbauer, natural gas analyst with C.J. Lawrence, Morgan Grenfell Inc., agreed with Mr. Peak's assessment. "In two years, natural gas will be above \$1.76 per million Btu."

But, he added, "crude oil keeps a lid on natural gas because industrial consumers can switch their fuel to oil from gas. About 35 to 40 percent of natural gas deliveries in the U.S. can be fuel-switched at the drop of a hat."

Argentina May Get New Loan

WASHINGTON — The World Bank is near an agreement on new funding for Argentina that could open up to a \$500 million bridge loan from various governments, including the United States, monetary sources said Monday.

If an agreement with the World Bank were to be completed, it would be a signal for the International Monetary Fund to send officials to Buenos Aires for discussions about President Riondel's request for \$1.2 billion dollars in assistance.

Argentina, which has \$56 billion in foreign debt, has been struggling to reform its economy, which has been devastated by inflation nearing 400 percent a year.

Miss Lecambre, the museum curator who organized an art exhibition this summer on Japan's influence on Western culture, sees parallels between today's developments and those in the late 19th century, when Japanese students strolled in Lyon and wine-making in Bordeaux.

"At that time, the Japanese sought to learn from the best," she said. "Now that they are far wealthier, they seem to want to buy the best."

Ministry has withheld its approval of that purchase because Japan imposes taxes on wines and spirits that sometimes come to more than 100 percent of the import price.

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ECONOMY: U.S. Indicators Show Weakness in July

(Continued from first finance page) government releases last week that showed consumer prices creeping up. In its report on the nation's gross national product last week, the Commerce Department said inflation in the second quarter of the year had shot to a six-year high.

Also last week, the Labor Department said consumer prices had increased 0.5 percent in July, a 5.2 percent annual rate.

The U.S. gross national product, the value of goods and services produced by the economy, rose at 3.3 percent annual rate in the second quarter and a 3.4 percent rate in the first quarter of the year.

Michael Evans, a private economic forecaster in Washington, said he expected economic growth to slow in the second half to about 2.5 percent.

He said growth in U.S. exports

and increases in investment spending by businesses likely would slow from the torrid pace earlier this year. Also, higher interest rates are already beginning to pinch the housing industry.

However, David Jones, an economist with Aubrey G. Laxton & Co., a government securities dealer in New York, said the momentum of the economy will keep growth strong until at least the second half of next year. (UPI, AP, Reuters)

FRANCE: A Growing Japanese Appetite for the Purveyors of Luxury

(Continued from Page 1) clearly has the most charm in France," Mr. Watanabe added.

Two years ago, Shinjido spent close to \$1 billion to buy Cartier, a Paris coiffier whose list of clients, past and present, reads like a "Who's Who": the Duchess of Windsor, Maria Callas, Ingrid Bergman and Paloma Picasso. Shinjido was also eager to acquire Cartier's line of beauty products.

Japanese executives said their investments were good for France because they often led to greater exports from France, helping to reduce its trade deficit.

Kyohji Tokita, secretary general of the Japanese Chamber of Commerce in France, said, "Many French companies are inviting Japanese investment."

The Japanese made \$330 million in direct investment in France last year.

Mr. Tokita noted that after making their acquisitions, Japanese investors often pump in money to modernize operations.

One Frenchman who seems to welcome Japanese investment is Alain Senderens, the renowned chef at Lucas Carton. "For us this changes nothing," he said. "It permits us to launch a line of deluxe food products in Japan."

The franc's fall against the yen — about 20 percent since September 1965 — is another reason be-

hind the wave of investment. Because of this, "the purchase price of French companies has become lower and lower," said Hideo Nakamura, assistant manager of the Paris office of Suntory, the Japanese wine and spirits company.

In 1963, Suntory paid almost \$10 million to acquire Chateau La-Lange, one of the largest Bordeaux wineries. It sent one of its managers, Kenji Suzuta, to a university in France to obtain an advanced degree in enology, and now he is helping Suntory invest \$20 million to renovate and expand the vineyard.

Two years ago Suntory agreed to buy Remy, a small cognac house. According to lawyers and government officials, France's Finance

Ministry has withheld its approval of that purchase because Japan imposes taxes on wines and spirits that sometimes come to more than 100 percent of the import price.

Miss Lecambre, the museum curator who organized an art exhibition this summer on Japan's influence on Western culture, sees parallels between today's developments and those in the late 19th century, when Japanese students strolled in Lyon and wine-making in Bordeaux.

"At that time, the Japanese sought to learn from the best," she said. "Now that they are far wealthier, they seem to want to buy the best."

Tuesday's OTC Prices. NASDAQ prices as of 4 a.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. (It is updated twice a year.) Via The Associated Press.

Table with columns: 12 Month High Low, Stock, Div. Yld. PE, etc. Includes AAW Bd, ADC, ADI, etc.

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Tuesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low, Stock, Div. Yld. PE, etc. Includes ABB, ABB, ABB, etc.

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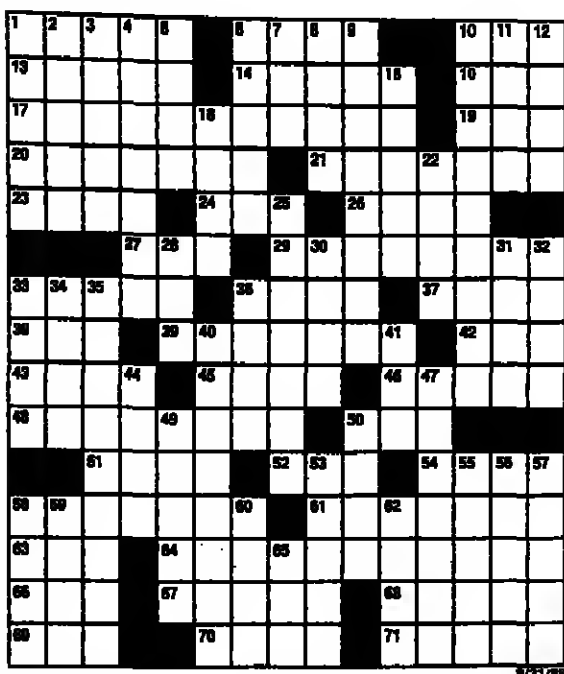
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ACROSS
1 Jean de Brunhoff creation
6 Brow wiper's sash
10 Thespian outfit
13 Miss Scarlett
14 Buenos Aires
16 Famed ring name
17 Buffoon
19 "Out of..."
21 Sugar-cane leaf levers
23 Polyurethane fiber
25 Delightful place
26 Set of doctrines
27 Remain
28 Understood
29 Behind the scenes
33 Collier Lee
36 Woody's son
37 Phillips University is here
38 Actress
39 Zadora
39 Supermarket clerks, often
42 Genes
43 Rascals
45 Salsamite
46 Vast chasm, to the Bard
48 Hooded cloak
50 Eureka



JUMBLE
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
BRAWLY
MYLAD
HUBERC
ORFALL

WEATHER
EUROPE
ASIA
AFRICA
LATIN AMERICA
NORTH AMERICA
MIDDLE EAST
OCEANIA

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

THE BRIDE OF THE WILDERNESS

By Charles McCarry. 438 pages. \$18.95. The New American Library, 633 Broadway, New York, N.Y. 10019.

Reviewed by John Gross

CHARLES MCCARRY'S first novel, 'The Mirmik Dossier,' which was published in 1973 is arguably the finest modern American spy story...

Now McCarry offers us something very different. 'The Bride of the Wilderness' opens in London in the year 1702.

An appropriately romantic first glimpse of a romantic heroine. Fanny is high spirited, she has a loving nature and she has inherited the good looks of the mother she has never known.

The wider world in which she has grown up, however, the London of William and Mary, is riddled with danger, squalor and brutality.

There is a more sinister presence at the wedding, too: a stranger, gazing intently at Fanny, who calls himself Alfred Montagu.

As the action moves to France and then America, two things raise the book above the level of a literary exercise.

The wilderness episodes are the most powerful of all. McCarry is unflinching in his portrayal of the harshness of nature and the cruelty of humans.

John Gross is on the staff of The New York Times.

BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Table with columns: Rank, Title, Author, Weeks on List. Lists top fiction bestsellers like 'The Cardinal of the Kremlin' and 'Till We Meet Again'.

NONFICTION

Table with columns: Rank, Title, Author, Weeks on List. Lists top nonfiction bestsellers like 'A Brief History of Time' and 'Trump'.

ADVICE, HOW-TO AND MISCELLANEOUS

Table with columns: Rank, Title, Author, Weeks on List. Lists books like 'The 2-Week Cholesterol Cure' and 'Swim with the Sharks Without Being Eaten Alive'.

Solution to Previous Puzzle

SCAR LIARS ACID
AONE ANNIE SOOA
PROTECTION KNEW
SENIOR OTT GISON
RIP ASCENT
LECTERN ORGAN
ALOE OILING BOW
SENO FLOODS SLOE
TNT FEELS PENN
ARIEL ENCASEO
ADUBO STAR
EDED GIA DROOP
ROAR PROPRIETOR
MINI NEOA RONA
ALDA STERN SEAM

BRIDGE

By Alan Truscott

THE Epsom Worldwide Bridge Contest, played June 3 for the third time, is unusual because it assigns predetermined match points for each deal.

led the spade queen, throwing a diamond on the dummy.

The diamond king was cashed, and Halperin detected some discomfort on his right.

World Stock Markets. Table with columns: Market, Index, Change, High, Low, Close. Includes sections for Amsterdam, Zurich, Tokyo, Sao Paulo, Manila, London, Frankfurt, Paris, and Stockholm.

Large vertical advertisement on the right side of the page, featuring 'Youngsters As Mets Beat' and 'Dreary Finale at'.



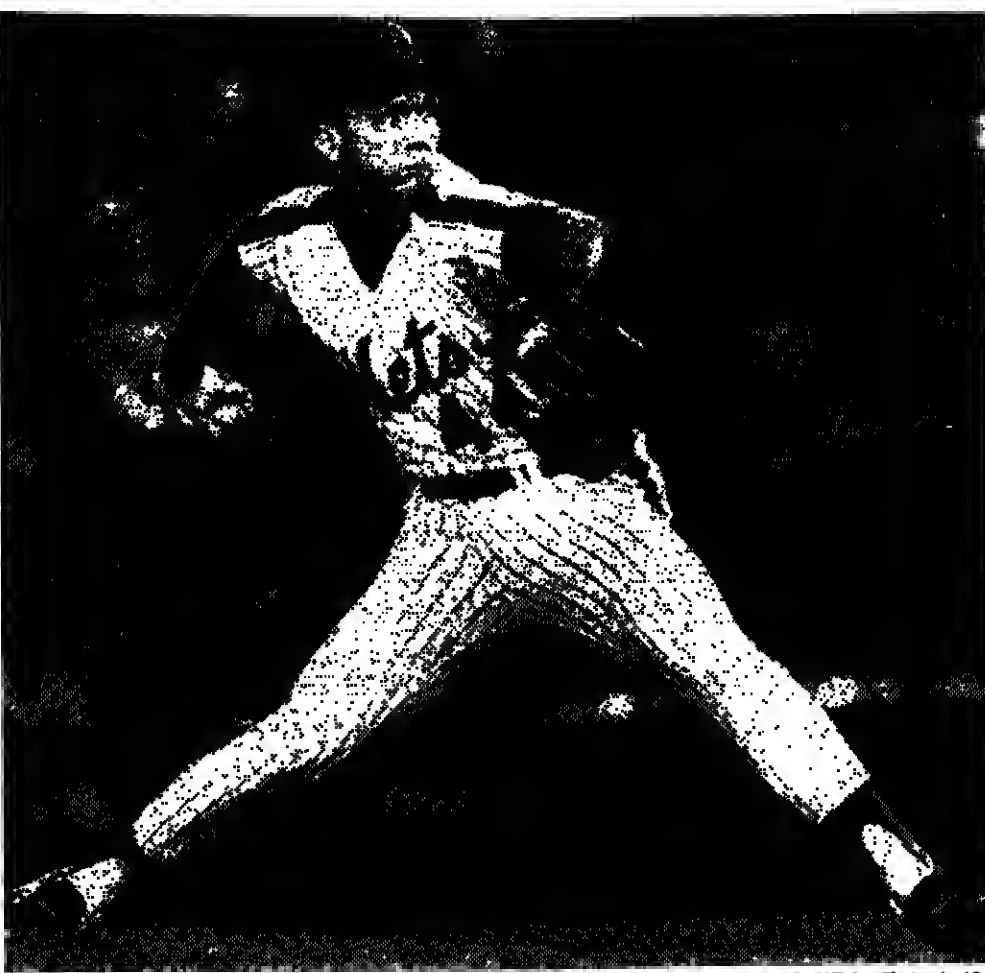
SPORTS

2 Youngsters Excel As Mets Beat Padres

NEW YORK — The next generation of Mets stole the show here Tuesday night. David Cone, 25 and in his second summer in the big leagues, overpowered the San Diego Padres...

BASEBALL ROUNDUP

6-0, on just two walks and one hit — a fourth-inning double by Tony Gwynn. Cone (14-3) faced 30 batters in registering New York's 18th straight win of the year. In his best performance of the year, Cone stymied the Padres with a full deck — a strikeout fastball, a split-fingered fastball, a sharp curve, a slider and a changeup...



David Cone, bearing down on route to a one-hitter against San Diego Monday night at Shea Stadium.

Navratilova and Wilander Win; Steinmetz Ousts No. 8 Zvereva

U.S. OPEN TENNIS

NEW YORK — No. 2 Martina Navratilova defeated Catarina Lindqvist of Sweden, 6-1, 6-3, on Tuesday at the U.S. Open tennis tournament. In the men's draw, No. 2 Mats Wilander completed his rain-interrupted victory over Greg Holmes...

Men Tennis Pros to Explore Staging a Tour of Their Own

NEW YORK — Citing what it claimed was the inability of the Men's Tennis Council to govern and market the men's game effectively, the Association of Tennis Professionals has decided the explore the option of organizing its own international tour in 1990.

Turk's Blade Deals Unkindest Cut of All

By Thomas Boswell

WASHINGTON — The worst thing in pro football never changes. Defeat is bad, injury is worse. But the cut is the end. A generation ago, the coach who brought the bad news was the hawk. Now he's the Turk...

is baseball. If you don't make the team, you can prove yourself in the minors. Once you get a chance to play, it's not a few plays. "In this sport," said Okewicz, "sometimes your chance is one play."

of huge players destroying entire locker rooms after being cut are the norm. They aren't. "Never seen it," said Hamel. "We're always so physical on the field that you wouldn't react violently. If that's solve your problem, you've already knocked down more guys on the field."

Mitchell says to save the team. Or some of them. If you are excellent, you will play in this league," he said. "The great player never gets overlooked. There are 28 teams and 45 players on a team. If you can't penetrate that, then maybe you should calm down and think about a job."

Dreary Finale at Saratoga Springs

By Steven Crist

SARATOGA SPRINGS, N.Y. — The last time it rained here, the only horses left were two passengers on an ark. Only a few more than that stuck around for the season's final day at Saratoga Race Track Monday...

maidens who brought a combined record of 0-for-50. Somebody had to win — Executive Privilege, who had been beaten 46 1/2 lengths in his only previous stop race but led from start to finish Monday.

The day proceeded with similarly uninteresting contests, including a two-horse race, a three-horse race, two four-horse races and three five-horse races. It was a dreary way to end a generally bright month of racing, but somewhat appropriate since this time weather was the major factor here...

The one temperate week, fortunately, featured the Travers, the best race of the summer. It was a rare contest where everyone fired his best shot, Forty Niner, Seeking the Gold and Brian's Time straining for the wire together and finishing in that order.

The problem was that five grass races had been scheduled for the closing day. That's done nearly every year, although rain often forces the grass races to be switched to the main track, prompting numerous scratches.

The other highlight of the meeting was Personal Ensign's victory over Gulch and King's Swan in a three-horse Whitney Handicap. The 4-year-old filly won for the 10th time without a defeat and could retire at year's end as the first important undefeated champion since Colin nearly 80 years ago.

There were 112 horses entered for Monday's 10 races, and still 91 listed after early scratches. But once the five grass races were switched to the sloppy main track, there were 40 late scratches, leaving some of the finest fields of the year.

All seven entries in the first race ran, since there was a \$26,000 pot for seven awful New York-bred...

Ardiles: Still Some Prime Time

International Herald Tribune

LONDON — "Selling my deteriorating self," Katherine Hepburn once admitted, "is very humiliating work. When you cease to be delicious, you get dumped."

come down from the heights; he's found another club, another challenge in London. And rather than shipping him across the water, we Brits might just learn from him some tactical nuances at which we are proven dunce.

As with a great lady of stage and screen, so with Osvaldo Ardiles, one of the leading minds on the soccer field. For more than a decade, Ardiles was a beacon in a game increasingly overrun by uninspired sweat and blind aggressiveness. He illuminated the scene, exploiting time and space others never saw, and did it

Ardiles has always been a mid-field general whose cunning and scampering alertness make others on the same side look better than they are. "Football is about imitation," David Platt, the previous manager at Tottenham had said. "Other players respond to Ossie. His cleverness rubs off on them. Age has nothing to do with it. It's instinct that matters, and others like Glenn Hoddle, play better when Ossie's on the team."

Of course things were couched less bluntly. "He has been a magnificent servant to the club," ancient servant to the club, announced Manager Terry Venables, "and this is his reward." By reward, Venables means releasing Ardiles from a year's option on his contract and asking no fee for his transfer.

With Hoddle now departed to Monaco, I'd have thought that was precisely the reason Tottenham should cling to Ardiles. The club has just paid £2 million (\$3.7 million) to buy Paul Gascoigne, a lad endowed with a peacock's array of bright talents but an innocent in the big wide world of soccer. In comes Gascoigne, out goes Ardiles. Those are judgments Venables is handsomely paid to make; good luck to him.

Arduous, it's true, is past his peak. Lately he has looked worse than he says he feels. And Jim Smith, a witty team-builder managing Queens Park Rangers, believes that his more insouciant Argentine than his advanced years and the slight phlegm of his carriage suggests.

Smith hired Ardiles for the season and put him straight into QPR's side to visit another so-called superclub, Manchester United, last Saturday. Since the score was 0-0, Ardiles could not have shone, right?

Wrong. Ardiles was, as usual, the strategist, the major reason that Manchester, with £1.5 million striker Mark Hughes returned from Barcelona, failed to score in front of 46,377 supporters.

Ardiles played on defense. He was the sweeper, the free role behind the center-backs where swifts of eye and astuteness of brain can balance the decline in a fellow's running power.

Smith — indeed other British managers — has admired Morten Olsen who, until the Danish team fell apart last May, had graced the international scene from a sweeping position. Olsen remained at the top of 38. Like Ardiles, he was a midfielder adapted to lead from the back.

Smith's is one of the few English clubs even to attempt deploying a sweeper, and he says: "I see Ossie giving experience to our squad as either a sweeper or a midfield player." Venables would not publicly admit as much, but I wonder if that troubles him just a fraction. "Not only has he dispensed with an old owl who might have imparted wisdom to the irascible Gascoigne — might indeed have kept Gascoigne on the field when his temper, as it will, gets the red card — but Tottenham's defense is ridiculed with indecision."

That is based on the porous nature of recent pre-season performances. It hasn't yet been tested in the First Division because Tottenham, which classes itself among Europe's finest clubs, reduced its name to ridicule last Saturday by calling off its first game of a new season six hours before kickoff.

The players were brought, fans by tens of thousands had primed their tickets and made their plans. Alas, Tottenham had no fit stage for the match after police and security officers refused to allow the game because of construction rubble left behind the East stand, where new luxury boxes replace old terracing.

The English League might well penalize Tottenham two points before a ball is kicked. The club's administration, aiming up-market, hadn't seen the disaster staring it in the face.

A shade more embarrassment — in the shape of a deteriorating player named Ardiles — may revisit Tottenham in QPR colors come November. Providing, that is, the place is ready.

Everybody watches for the finest close to determine status. Who moves up to scrimmage the vets? Who gets more reps (i.e., repetitions)? Of what? Of anything. If you're asked to do more, that's good. They don't study bumps. The perfect contrast to the NFL

is baseball. If you don't make the team, you can prove yourself in the minors. Once you get a chance to play, it's not a few plays. "In this sport," said Okewicz, "sometimes your chance is one play."

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SCOREBOARD

TENNIS

U.S. Open: First Round Results
MEM. Mats Wilander (2), Sweden, def. Greg Holmes, U.S., 6-2, 6-1, 6-4; Andre Agassi (14), Ecuador, def. Jiri Sebesta, U.S., 6-3, 6-2, 6-4; Jim Courier (11), U.S., def. Steve Perry, U.S., 6-3, 6-2, 6-4; Andre Agassi (14), Ecuador, def. Jiri Sebesta, U.S., 6-3, 6-2, 6-4; Jim Courier (11), U.S., def. Steve Perry, U.S., 6-3, 6-2, 6-4.

BASEBALL

Monday's Line Scores
Detroit 10, Philadelphia 5; St. Louis 9, Cincinnati 4; Chicago 7, Pittsburgh 5; Cleveland 6, Baltimore 3; Kansas City 9, Milwaukee 5; Minnesota 7, Toronto 4; Texas 8, Houston 5; Oakland 5, New York Yankees 2; Los Angeles 5, San Francisco 4; San Diego 4, San Francisco 3; Philadelphia 9, Montreal 4; St. Louis 9, Cincinnati 4; Chicago 7, Pittsburgh 5; Cleveland 6, Baltimore 3; Kansas City 9, Milwaukee 5; Minnesota 7, Toronto 4; Texas 8, Houston 5; Oakland 5, New York Yankees 2; Los Angeles 5, San Francisco 4; San Diego 4, San Francisco 3; Philadelphia 9, Montreal 4.

Major League Standings

Table with columns for American League East Division, American League West Division, National League East Division, and National League West Division. Lists teams and their records.

TRANSITION

BASEBALL
Cleveland - Released Larry, pitcher, on the 15-day disabled list. Recalled Jeff D'Amico, pitcher, from Colorado Springs of the American League.

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Rob Hughes is on the staff of the Daily News

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OBSERVER

Bush's Last Refuge

By Russell Baker

NEW YORK—Late in August George Bush refused to debate Michael Dukakis before late September. Political analysts figured Bush wanted to wait for the polls. If they showed he was sure to be elected, he would say he couldn't debate until October, when, if his polls were still terrific, he'd say, "I'll be ready in February."

fully blowing breeze half conceals and half discloses? Here was a potentially deadly trap. If Bush had to explain to the nation what a "towering steep" was, he would look snobby, a professor type who thought he was smarter than other Americans, an egghead and worse—a wimp.

These problems slowed debate preparations. By August Bush's voice teacher was desperate about the screech that occurred in his pupil's voice on the infamously high notes of lines five and six:

Now it catches the gleam of the morning's first beam, In full glory reflected now shines on its stream.

He urged Bush to sing something more in his range—"Over There," "The Battle Hymn of the Republic," even "God Bless America."

Sure, but since everybody, probably even Dukakis, knew all three, why bother?

Fearing the anthem challenge was too risky, Bush nevertheless caught his opponent off guard. "I request my Democratic opponent to prove he is not entirely unpatriotic by joining me in reciting those magnificent and always moving words on the Great Seal of the United States," were Bush's opening words.

Dukakis remembered "E Pluribus Unum," and recited it in a Latin heavily accented with flawless Spanish. He failed, however, to recite "Annuit Coeptis" as well as "Novus Ordo Seclorum" from the seal's reverse.

And no wonder, said Bush. Had this Dukakis with his flawlessly accented Spanish ever once in his entire political career ever spoken out against the enemies of the Great Seal of the United States?

Bush said he loved the Great Seal of the United States almost as much as he loved the flag and promised to become sick and tired of any Supreme Court that forbade teachers to make children say "Annuit Coeptis" and "Novus Ordo Seclorum" every morning.

Dukakis recouped in the second debate by reciting the entire Constitution and all Amendments while Bush floundered helplessly on Article IV, Section I (faith and credit between states).

It was that kind of election, as usual. Lots of imbecility.

Wielding a Pen for the PLO

By Edward Cody

Washington Post Service

PARIS—Instead of a Palestinian Ibrahim Souss, you get a French neekie with Ibrahim Souss. And no looking for a Kalashnikov. He packs a mechanical pencil.

The Palestine Liberation Organization's representative in Paris is promoting his cause with just as much determination as his boss Yasser Arafat. As might be expected from a concert-level pianist schooled in West Germany, Britain and France, however, the 42-year-old native of Jerusalem has a way of fighting Israel that differs from Arafat's military and diplomatic battles.

The latest shot in Souss' brand of combat takes the form of a 92-page book, "Letter to a Jewish Friend." A taut, emotional appeal for attention to the Palestinians' plight, the French-language work is selling well in Paris and has just come out in Spanish and Italian editions. Japanese and U.S. versions are under consideration.

The book's publication three months ago has kicked up a cloud of media dust to encourage discussion in France of the Israeli measures to repress the Palestinian uprising on the West Bank and in Gaza.

"Our struggle with Israel is a war of civilizations, and we have to use all the weapons at our disposal," he said. "And besides, I like to write books."

True to the French culture Souss has absorbed, nothing is innocent in the thin volume, not even the title. The French existentialist Albert Camus wrote "Letter to a German Friend" as Nazi troops were making jackpots famous in Europe. It was while rereading a passage from Camus's works, Souss writes, that he thought about addressing Western Jews at a turning point in the history of our interrupted friendship.

Souss, whose French prose is graceful and poignant, writes in a tone that sounds like the extended hand of friendship. At the same time, he asks some of the tough questions Israel's supporters around the world have to face regarding Palestinians.

On Israeli occupation of the West Bank and Gaza since 1967: "My friend, I am not fooled. You talked to me about security, but the issue was realization of a biblical dream. You wanted Israel to set up a Lebensraum, vital to its economic flowering. Do you realize?"

On Israel's fame among Western Jews for making the desert bloom: "The coast from Ras el-Nagura to Gaza, sprinkled with orange groves planted and cared for by generations of Palestinians, becomes in your memory strangely full of sand. The hills of Galilee, on which apple, peach and apricot trees flourished every spring, become arid and rocky. The olive groves around our cities and villages come out, in your drunken propaganda, as so many pieces of earth that Zionist settlers cleared."

Souss started the book in December, when the Palestinian uprising began. It is his third published work in France. After a book of poetry, Souss came out last year with his first novel, "Far From Jerusalem." The sentimental story of doomed love between a Jewish girl and a Palestinian boy in pre-Israel Jerusalem sold 12,000 copies, respectable for a first novel in the small French market.

At his PLO office in Paris's upscale 16th Arrondissement, Souss said he resolved to write the book because he got the impression that many in the West have only a vague idea of why there is a conflict in the Middle East. In addition, he said that he was distressed by general acquiescence among Western Jews in what he sees as Israeli brutality against stateless Palestinian youths.



Ibrahim Souss: A letter to the Israelis.

Wiesel, the Holocaust historian and Nobel Peace Prize winner, generated a number of pained comments during a conference here last January for his reluctance to condemn Israeli harshness in putting down the revolt. Since then, a few French Jewish intellectuals have expressed concern about Israeli tactics. But the Representative Council of French Jewish Institutions issued a communiqué in February offering "profound attach-

ment and fraternal solidarity" with Israel during the uprising and expressing "confidence that the State of Israel will assure the tasks it assumes in a spirit of human rights and personal dignity."

Gerard Israel of the Israeli Alliance said the Souss book has been read and discussed by some French Jewish intellectuals. Although Souss' humanist approach and often moderate statements are appreciated, Israel said, the book is not regarded as politically significant. "The best letter to a French Jewish friend would be to obtain from Arafat that the PLO become a little less irredentist," he said.

The fate of West Bank Palestinians is of concern to Souss for several reasons. As PLO representative here, part of his job is to promote the Palestinian image. The Paris office, which has been operating since 1975, also has an officially recognized liaison mission with the French government, including some diplomatic privileges and police protection.

More personally, Souss' wife Diana is the daughter of Raymond Tsawil, a longtime West Bank activist largely responsible for setting up the Palestine Press Service. The Jerusalem-based agency provided information from a Palestinian perspective to Israeli journalists and foreign correspondents in Israel until the government shut it down at the end of March.

Souss was born into a comfortable Jerusalem family in 1945. When Israel took over his neighborhood three years later, he fled with his parents to Beirut. After several years in Lebanon, however, his father brought the family back to Jerusalem, this time settling in the eastern part of the city, which was under Jordanian control until 1967.

That move determined a large part of Souss' later life. In a former British Army installation where the Souss family lived for a time, someone had left a piano. The young Souss tried it out. His father, who played the organ at Protestant services, taught him a few notes, and a passion was born.

"At the age of 12, I told my father I wanted to be a concert pianist," Souss recalls. "He said O.K., try your luck. Very strange for an Arab man."

After graduation from St. George's secondary school in Jerusalem, Souss studied piano at the Hochschule für Musik in Munich for two years. Later, he studied at the Royal College of Music in London and the Ecole Normale in Paris.

Although he developed his skills at the piano enough to give a number of concerts, Souss diverted his attention to politics as the Palestinian question rose into prominence after the 1967 Middle East war. By then comfortable in France, he attended the highly rated Political Science Institute and soon was named PLO representative to UNESCO.

Souss has headed the PLO office here since his predecessor, Ezzeddine Qalqa, was assassinated 10 years ago.

Jackson May Quit Stage



Happy birthday, Michael.

Michael Jackson plans to quit live stage performances after his concert tour, his manager, Frank DiLeo, said on Tuesday. "This will be our last tour. We wanted to be the best and the biggest, and we did it," said DiLeo. He said the singer had been exhausted by the tour, which began last September in Japan and will end in December in Tokyo, and wanted to devote his time to making films. During Monday's concert at Leeds, England, 90,000 fans sang happy birthday to Jackson, who turned 30 on Tuesday. A former Jehovah's Witness, Jackson does not celebrate birthdays, but he did acknowledge the crowd's gesture. Meanwhile, another Jackson fan in an airplane swooped less than 200 feet (about 60 meters) over the heads of the fans at Roundhay Park. The Civil Aviation Authority said it was trying to locate and prosecute the pilot as it is unlawful for a pilot to fly below 3,000 feet over an event with more than 1,000 spectators without permission. Fans said they could read the twin-engine light aircraft's registration number, and police have passed it on to the aviation authorities.

Mary Bono isn't going to enjoy reading Redbook magazine in which her husband, Sonny Bono, talks about his life with Cher, from whom he was divorced 13 years ago. He says without qualification, "I don't think either of us has ever had as much fun with anyone else as we had together."

Jessica Hahn whispered into the microphone at a Phoenix, Arizona, radio station: "I'm a little nervous." Thus began the broadcast career of the 29-year-old former Long Island church secretary whose revelations of sexual misconduct topped Jim Bakker from his PTL and televangelism ministry. Hahn has a 30-day contract with the radio station.

Abbie Hoffman, 51, fresh from a reunion of demonstrators from the 1968 Democratic convention in Chicago, made his New York comedy debut at an Upper West Side club. Hoffman, whose humor and courtroom antics got national attention during the Chicago 7 trial, spent more than an hour needling "actor in chief" Ronald Reagan and the Republicans, and reminiscing.

Predictably, vice presidential candidate Dan Quayle came in for a few jabs: "Looks like a hawk, runs like a chicken."

Paul Newman will portray the late Earl Long in a movie about the Louisiana governor's romance with the former strip-tease artist, Blaise Starr, according to Hany Perry, who helped Starr with her autobiography, "Romance with a Star," to be titled "Blaise," Perry said. Filming is expected to take place next spring.

A 14-year-old British boy, Matthew Sealster, has become the world's youngest male international chess champion, the British Chess Federation said. He qualified after scoring 6.5 points out of 10 at a masters tournament in London. Sealster, who has been playing chess since he was 8, replaced Nigel Short, who had held the title since 1980.

The New York Philharmonic, conducted by Zubin Mehta, played to a packed Fenlandia Hall in Helsinki and received a bouquet of appreciation from President Mauno Kivisto of Finland. The 1,700-member audience forced the orchestra to play three encores after standing ovations. The president, who attended with his wife and members of the government, met with Mehta during the interval.

TODAY'S INTERNATIONAL BUSINESS MESSAGE CENTER. Appears on page 3.

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